



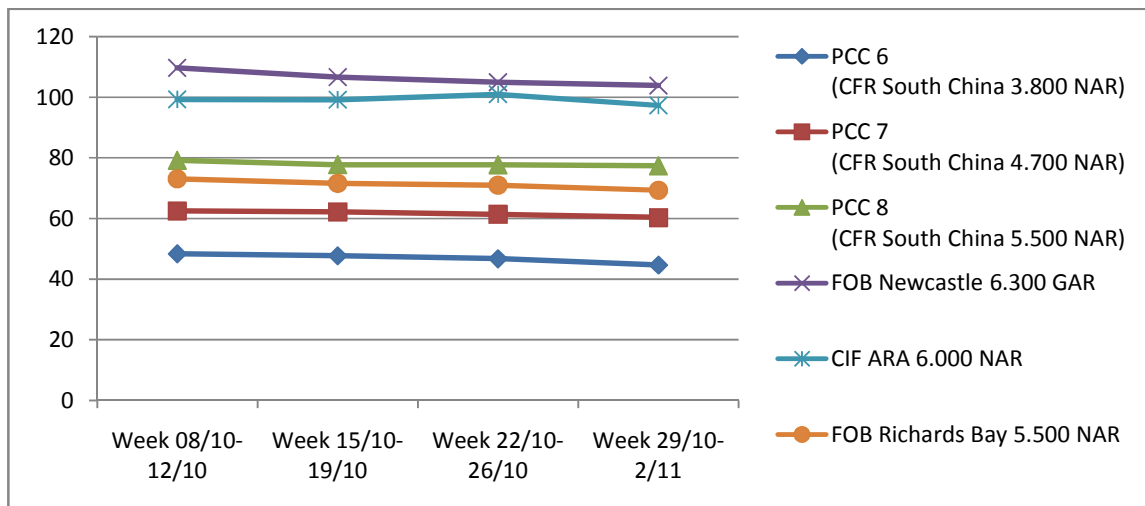
**PETROVIETNAM POWER CORPORATION**  
**PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY**  
**WEEKLY NEWS – FIRST WEEK OF**  
**NOVEMBER**  
 (From 29/10 – 2/11)

**I. COAL MARKET ANALYSIS**

**1. INTERNATIONAL COAL PRICE ASSESSMENTS**

*Unit: USD/ton*

Price index	Week 08/10-12/10	Week 15/10-19/10	Week 22/10-26/10	Week 29/10-2/11
PCC 6 (CFR South China 3,800 NAR)	48.38	47.7	46.72	44.65
PCC 7 (CFR South China 4,700 NAR)	62.45	62.16	61.38	60.31
PCC 8 (CFR South China 5,500 NAR)	79.16	77.75	77.70	77.35
FOB Newcastle 6,300 GAR	109.62	106.56	104.84	103.79
CIF ARA 6,000 NAR	99.22	99.14	100.89	97.22
FOB Richards Bay 5,500 NAR	73	71.53	70.96	69.29
NEWC (FOB Newcastle 6000 NAR)	N/A	N/A	N/A	N/A



**Chart 1: Average coal price 1<sup>st</sup> week of November (2018)**

*(Source: Platts Coal Trader International)*

## 2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 1 <sup>st</sup> - November	29/10	30/10	31/10	1/11	2/11
<b>Capesize (150,000 tons)</b>						
1	Australia – China	10.70	10.75	10.35	10.50	10.60
2	Queensland – Japan	12.30	12.35	12.10	12.10	12.20
3	New South Wales – South Korea	13.15	13.20	12.95	12.95	13.05
<b>Panamax (70,000 tons)</b>						
1	Richards Bay - India West	14.20	14.00	14.00	14.00	14.00
2	Kalimantan - India West	10.05	9.90	9.90	10.00	10.00
3	Richards Bay - India East	14.50	14.25	14.25	14.25	14.25
4	Kalimantan - India East	8.40	8.25	8.25	8.35	8.35
5	Australia - China	13.40	13.25	13.35	13.60	13.60
6	Australia - India	15.00	14.90	15.00	15.30	15.30

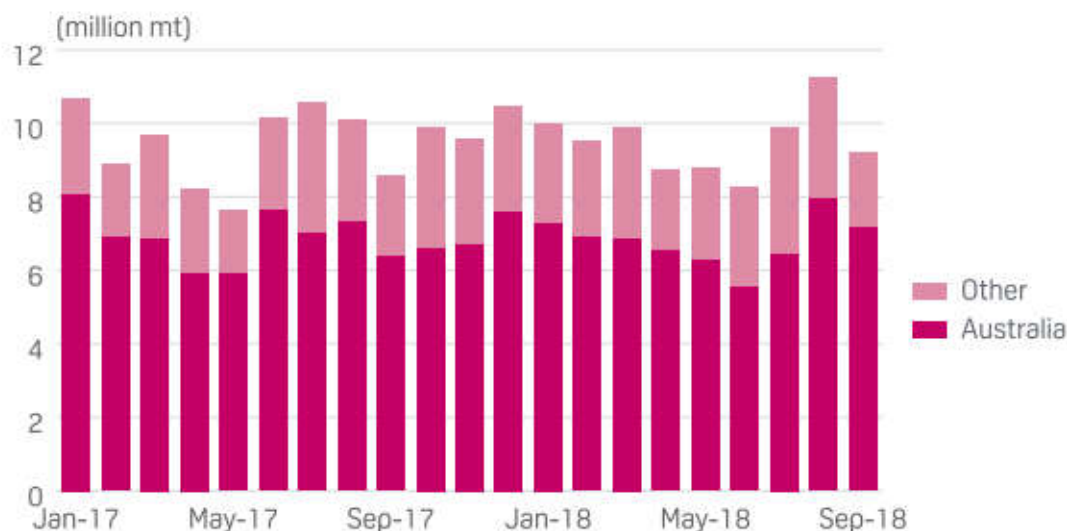
(Source: Platts Coal Trader International)

## II. NEWS

### Japan thermal coal imports fall on month to 9.24 million mt: ministry

Japan imported 9.24 million mt of thermal coal in September, up 8% from the year-ago month but down 7% from August's multi-year high, data from the Japan Ministry of Finance showed Tuesday. Australia was unsurprisingly the key source of coal, representing 7.16 million mt, down 10% on the month but up 12% from the year-ago month. Japan is a key market for high-CV Australian thermal coal and negotiations for term contracts between Japanese buyers and Australian miners are often the key driver behind FOB Newcastle 6,000 kcal/kg NAR prices, according to Platts analytics.

### JAPAN THERMAL COAL IMPORTS



Source: Japanese thermal coal imports

After Australia, Russian coal accounted for the largest proportion of imports at 733,086 mt, down 31% on the month and 15% on the year-ago month. Imports from Indonesia were 375,920 mt, down 69% on the month but up 15% from the year-ago month, and imports of sub-bituminous coal fell to 443,870 mt, down 46% on the month and 34% from the year-ago

month. Sub-bituminous coal is usually the swing in import demand, so a decline in imports of this type of coal can be expected when overall Japanese demand declines, Platts analytics said.

Year-to-date imports were at 85.57 million mt, up from 84.5 million mt in the year ago period, although Japan's total coal imports for 2018 are expected to be below that of 2017 as recovering nuclear generation and growing renewable generation cuts into coal, Platts Analytics said. Platts NEAT coal index, the theoretical price of coal delivered to Northeast Asia on a 5,750 kcal/kg NAR basis, averaged \$87.35/mt in September, up from \$83.92/mt in August.

### **China Jan-Sep coal consumption rises despite push to use gas**

China's consumption of thermal coal continued to increase in the first nine months of the year despite the push to switch to clean natural gas, a National Energy Administration official said Tuesday. Electricity consumption from January to September jumped to a six-year high amid a warmer summer, NEA official Li Fulong said during a briefing. Coal consumption in the four major industries — power, steel, chemical and construction — had picked up, he said. Power companies accounted for 53.9% of total coal consumption, about 2.3 percentage points higher year on year, he said.

Meanwhile, natural gas consumption rose 16.7% year on year for the same period. Despite registering "a small decline" in the chemical industry and urban areas, natural gas consumption in industrial fuels and power generation maintained double-digit growth, Li said. In a bid to curb pollution, China last year rolled out an ambitious plan to ban the use of coal for heating in its "coal to natural gas conversion" project. China has been on a war footing to control pollution in the past couple of years, shutting several small and inefficient mines. On Monday, China announced it will switch another 1.18 million residential households in 11 cities in three provinces in central China to natural gas heating this winter. Despite the increase in natural gas usage, analysts said thermal coal will not be easy to replace within a short period of time.

### **China's coastal coal freights continued to fall in week to October 30**

Freight costs for shipping coal from northern China's Qinhuangdao Port to the other Chinese ports of Zhangjiagang, Shanghai and Guangzhou in eastern and southern China continued the recent downward trend in the week to October 30, port operator Qinhuangdao Port said Tuesday. The freight rate from Qinhuangdao to Zhangjiagang in eastern China's Jiangsu province for 20,000-30,000 mt capacity vessels fell Yuan 7.00/mt week on week to Yuan 44.70/mt (\$6.42/mt), Qinhuangdao Port said. The freight rate from Qinhuangdao to Shanghai in eastern China for vessels with a carrying capacity of 40,000-50,000 mt fell Yuan 9.40/mt week on week to Yuan 34.90/mt. The freight rate from Qinhuangdao to Guangzhou in southern China's Guangdong Province for 50,000-60,000 mt capacity vessels dropped Yuan 5.20/mt week on week to Yuan 47.20/mt. High levels of in-house coal stocks and low coal consumption rates demand, while consumer steel demand may also get a boost. Brazilian mills are buying raw materials to keep up with demand and high steel prices and orders, with slab exports to the US tightening the local market.

### **Combined coal stocks held by China's six key power generators rise 4.2% on Nov 1**

Combined coal stocks held by China's six key coal-fired power generators in southern and eastern China totaled 16.48 million mt on November 1, up 4.2% from 15.82 million mt on October 25, figures released Thursday by port operator Qinhuangdao Port showed. The six key power generators are: Zhejiang Power, Shanghai Power, Guodian, Datang, Huaneng and Guangdong Power which is better known as Yudean. Average coal consumption at the six power generators stood at 510,300 mt/day on November 1, up 1.5% from 503,000 mt/day on October 25, the port operator's data showed. Based on the current coal consumption rate, the stocks are able to cover 32.30 days of consumption on November 1, up 0.85 day from 31.45 days on October 25, the figures showed. Cool autumn weather has continued to hold down coal consumption at the power plants, and thus coal stocks can cover quite a long period of consumption at the power plants, the port operator said.

*(Source: Platts)*