



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
WEEKLY NEWS – SECOND WEEK
OF NOVEMBER
 (From 05/11 – 09/11)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 15/10-19/10	Week 22/10-26/10	Week 29/10-2/11	Week 05/11-09/11
PCC 6 (CFR South China 3,800 NAR)	47.7	46.72	44.65	43.90
PCC 7 (CFR South China 4,700 NAR)	62.16	61.38	60.31	59.75
PCC 8 (CFR South China 5,500 NAR)	77.75	77.70	77.35	76.50
FOB Newcastle 6,300 GAR	106.56	104.84	103.79	101.28
CIF ARA 6,000 NAR	99.14	100.89	97.22	93.28
FOB Richards Bay 5,500 NAR	71.53	70.96	69.29	65.13
NEWC (FOB Newcastle 6000 NAR)	N/A	N/A	N/A	103.31

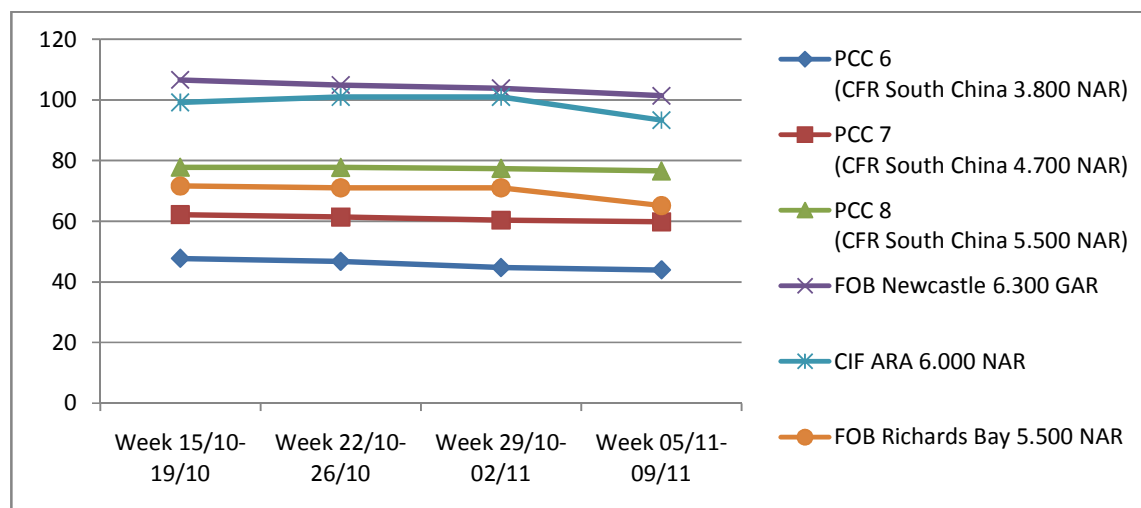


Chart 1: Average coal price 2nd week of November (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 2 nd - November	05/11	06/11	07/11	08/11	09/11
Capesize (150,000 tons)						
1	Australia – China	10.25	N/A	N/A	N/A	N/A
2	Queensland – Japan	11.85	N/A	N/A	N/A	N/A
3	New South Wales – South Korea	12.70	N/A	N/A	N/A	N/A
Panamax (70,000 tons)						
1	Richards Bay - India West	14.45	N/A	N/A	N/A	N/A
2	Kalimantan - India West	10.00	N/A	N/A	N/A	N/A
3	Richards Bay - India East	14.70	N/A	N/A	N/A	N/A
4	Kalimantan - India East	8.35	N/A	N/A	N/A	N/A
5	Australia - China	13.50	N/A	N/A	N/A	N/A
6	Australia - India	15.20	N/A	N/A	N/A	N/A

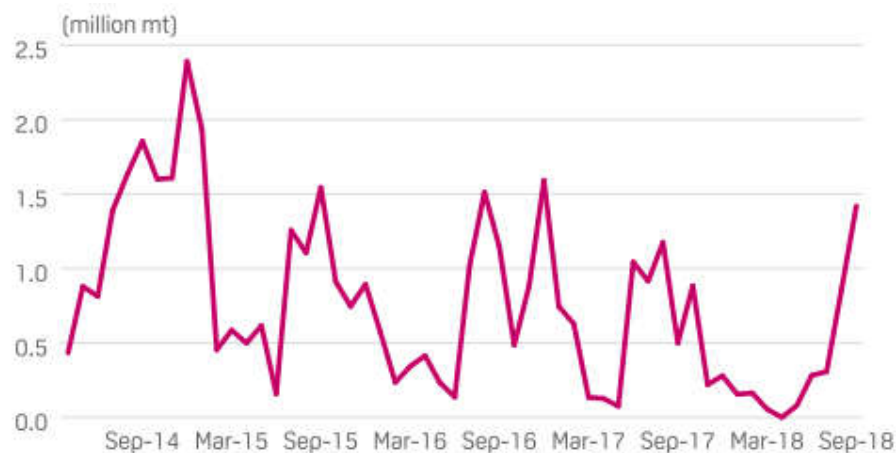
(Source: Platts Coal Trader International)

II. NEWS

South Africa September coal exports to Europe surge to 21-month high

London—South African thermal coal exports to Europe surged to 1.42 million mt in September, a 21-month high, according to customs data published by worldtradestats.com. Sources in the European coal market had reported the high volumes of off-spec South African coal flowing to the continent, largely a result of weaker spot demand from Asia — the usual destination for such specifications of coal. Export volumes to the Netherlands — where thermal coal is shipped to power plants in Germany — were 844,820 mt, up 27% on the month and the highest monthly total since September 2014. Spain and Portugal also saw surging volumes from South Africa. The Iberian neighbors took a combined 404,520 mt of South African coal in August and September, while January-July volumes were nil.

South African thermal coal exports to Europe



This was adding pressure to the delivered-Europe market as the higher ash and sulfur values of off-spec South African coal would require blending in order to achieve a suitable grade for burning in power plants. As a result, coal stockpiles in Amsterdam-Rotterdam-Antwerp swelled close to capacity as buyers struggled to transport the coal downstream owing to low Rhine levels, sources said.

Key Asia markets of South African coal all decline on year

Volumes to India were 3.24 million mt, up 9% on the month but down 18% on the year. Other key Asia markets — Pakistan and South Korea — also saw lower volumes on the year, with 557,469 mt for Pakistan and 146,980 mt for South Korea, down 7% and 88%, respectively. Platts Analytics said a “seasonal draw in September” could be expected in India, which could lead to curtailments of coal-fired generation, resulting in stimulated thermal coal imports moving forward. Despite the higher exports month on month, stock levels at Richards Bay Coal Terminal — South Africa’s dedicated coal export terminal — continued to rise. Stocks were held at 5.19 million mt in early September and rose as high as 5.66 million mt throughout the month. Since September, the RBCT levels had risen further, being reported to Platts at 5.9 million mt on Thursday, well above the terminal’s preferred level of 3-4 million mt.

IEA’s World Energy Outlook holds good news for Australian coal miners

The International Energy Agency’s (IEA’s) latest World Energy Outlook (WEO) update holds good news for Australian coal producers, estimating that demand for coal in the Asia Pacific will increase by 492-million tonnes of coal equivalent by 2040. Federal Resources Minister Matt Canavan noted that Australia’s proximity to these markets meant that the local coal industry was well placed to meet this growing demand. “These figures show a bright future for Australia’s coal industry. They’re also a short, sharp shock for those who have set out to destroy confidence in our world-class coal industry. Coal is here and it’s here to stay.” Canavan said the IEA had forecast Australia’s net exports of coal would grow by 20%, to about 430-million tonnes of coal equivalent, by 2040, with nearly half of those exports expected to be metallurgical coal. “Australia is the only exporting coal producer projected to significantly ramp up coal production over the period to 2040, supported by its strong resource base and proximity to Asian markets,” he said.

Australia’s production is also forecast to exceed that of the US by the late 2020s, with more than 40% of coal produced in Australia expected to be sourced from new mines in 2040. The new report also stated that the increased demand for coal would see the development of new coal basins in Australia, like the Galilee basin, Canavan said. “All of this will require new mines, ports and other transport infrastructure to be developed, including in the Galilee basin. This is great news for the Australian economy, and for the tens of thousands of Australian coal workers and their families.” The Queensland Resources Council (QRC) said that the state’s resources industry could play an increasingly important role in powering the global economy.

Bukit Asam’s net profit grows 49.4% in first nine months

State-owned coal miner PT Bukit Asam (PTBA) booked Rp 3.93 trillion (US\$ 266.5 million) in net profit in the first nine months of the year, representing 49.4 percent growth from the Rp 2.63 trillion net profit made in the corresponding period last year. The increase was supported by an increase in coal sales, especially for export, amid the upward trend in the global coal price. Its exports increased 39 percent, or by more than 2 million tons of coal, from the figure in same period of 2017. PTBA’s total coal sales increased to 18.5 million tons or 7.8 percent growth from 17.24 million tons in the corresponding period last year, while its average coal selling price was \$57.08 per ton, up 13 percent from the first nine months of 2017.

“The export increase is one of the management’s strategies to maximize the opportunity from the strengthening of global coal prices, the rupiah weakening against the US dollar and of course the increasing demand for coal in China and India,” Bukit Asam said in a statement on Wednesday. As a result, the company’s revenue climbed 21 percent to Rp 16.04 trillion. The highest portion of revenue came from export sales, which contributed 52 percent to total revenue, while domestic sales contributed 46 percent. The remaining revenue came from other activities. The company has allocated Rp 6.55 trillion for investment spending this year, Rp 5.23 trillion of which is for business development, while the remainder is for routine investment.

(Source: Platts)