



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
DAILY NEWS

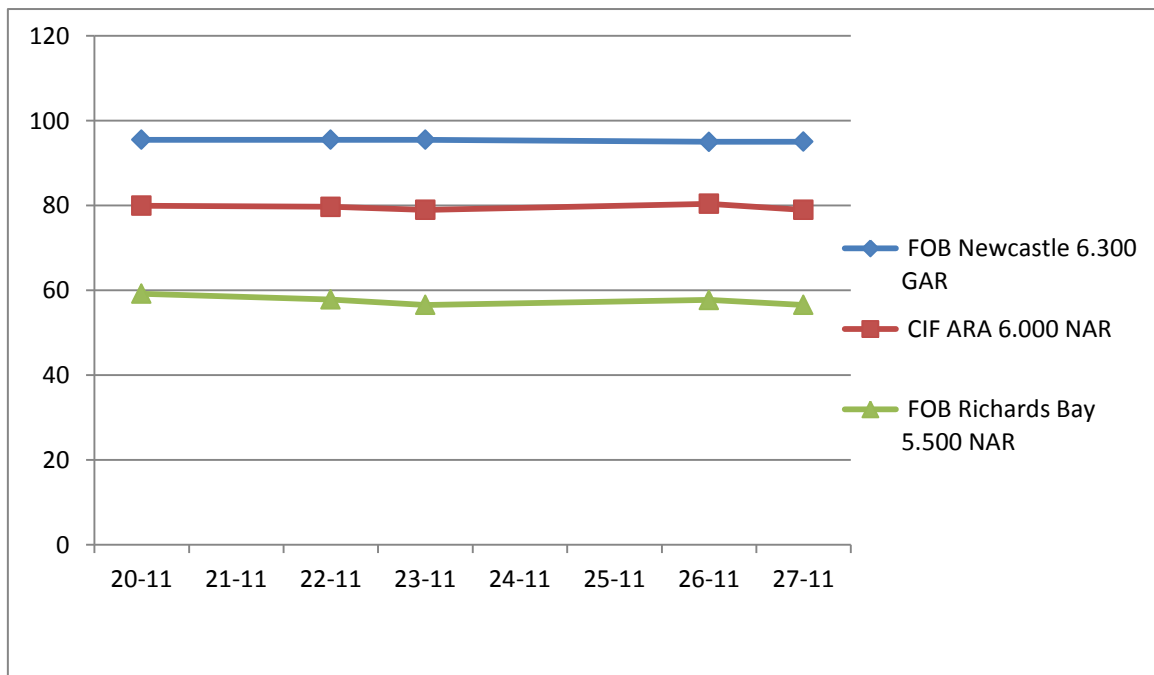
Date 10/12/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	95.65	+0.65	N/A	N/A
CIF ARA 6,000 NAR	82.15	+1.75	N/A	N/A
FOB Richards Bay 5,500 NAR	60.25	+2.55	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	67.75	-0.25
FOB Kalimantan 5,000 GAR	N/A	N/A	47.00	-0.30

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	35.50	-0.50	245.73	-3.03
PCC7 (CFR South China 4,700 NAR)	54.00	-0.50	373.78	-2.81
PCC8 (CFR South China 5,500 NAR)	69.00	-0.20	477.61	-0.56

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 27/11/2018)

NEWS

Chinese thermal coal buyers cautious in 2019 amid import quota uncertainty

The ongoing uncertainty surrounding China's import quotas getting reset in January is casting mixed sentiments on the seaborne thermal coal market. Outlook for the seaborne market turned more bearish as the country's National Development and Reform Commission (NDRC) imposed further port restrictions on coal imports, after a meeting on November 14, to ensure this year's total coal import volume does not exceed that of 2017. There was no official announcement, but according to market sources, imported coal would no longer be able to clear customs until end of 2018.

As the year end approaches, there had been more inquiries for imported coal for January arrival as market players were expecting the quotas to be reset by then. However, not all players were confident about the reset or the lifting of current import restrictions. "We've not heard of any updates regarding the import policies," a source close to NDRC told S&P Global Platts. A source from the NDRC said no further information could be revealed at this time and reiterated that "total volume this year cannot exceed that of last year." China's total coal import volume for 2017 stood at 271 million mt, while total coal imports from January to October this year had reached 252 million mt, according to official import statistics. This would mean a remaining 19 million mt left for imports for November and December. In October alone, China had imported a total of 23.08 million mt of coal, down from 25.14 million mt in September.

"We can't be sure if the restrictions will be lifted by January," a trader said, "but we might book more cargoes when the restriction is lifted," the trader said. "Traders are likely to use this time to maintain a good relationship with power utilities, so once restrictions are not as tight, they can start to purchase right away and don't have to scramble for end-users," a south China-based trader added.

Chinese buyers more emphasis on domestic coal market

Various market sources, however, said that Chinese buyers would be very cautious in signing long term import contracts now, and some traders were heard to have cut down on the import volume for next year. "We do not have firm figures, but our company might place more emphasis on domestic market next year to support the call from the State to buy domestic coal," a northern China-based trader said. Another trader said they would be taking a wait-and-see approach while hoping the demand to pick up as "policies are due to change".

In July 2017, China had imposed import restrictions on coal but the grip was relaxed in mid-December 2017 amid a harsh winter. The talk of restrictions was back again in April as some ports in southern China were faced with some form of import curbs. There had been no official explanation for placing these restrictions. Chinese media and market players had cited various reasons, including cutting down the reliance on imports, as well as protecting domestic producers. Some media had called for stricter policies to control imports of "lower quality coal" that would cause air pollution. However, market participants said that China would not completely close its doors on imports as the seaborne market would continue to supplement the domestic market and serve as a mechanism to control domestic prices.

At an industry gathering in Beijing earlier this month, market participants expected China's thermal coal consumption for 2018 to reach 3.2 billion mt. According to the data from China's National Bureau of Statistics, the country produced about 3.45 billion mt of raw coal in 2017. The price of seaborne thermal coal in Asia had come under pressure in recent months as Chinese import restrictions bite. The price of Indonesian 4,200 kcal/kg GAR coal -- a grade popular among Indians, Chinese and other Asian nations, has slumped by almost 40% since the start of the year to be assessed Tuesday at \$28.50/mt, S&P Global Platts data showed. Meanwhile, the price of Australian 5,500 kcal/kg NAR coal hit a two-year low to be assessed at \$58/mt FOB Newcastle on Tuesday.

India's coal output up 10% to 156 MT during Apr-Nov

India's coal import rose 9.7 per cent to 156.08 million tonn (MT) in the April-November period of the ongoing fiscal, as against 142.25 MT in the corresponding months a year ago, according to

mjunction services Ltd, a joint venture between Tata Steel and SAIL. Coal imports in November this year also increased 10.1% to 19.47 MT, over 17.68 MT in the corresponding month of the last fiscal, mjunction data showed. "Imports during November 2018 stood at 19.47 MT (provisional)...Earlier, coal and coke imports in November 2017 stood at 17.68 MT," it said. Of the total imports last month, import of non-coking coal was at 14.24 MT, against 15.23 MT imported in October 2018.

Commenting on the coal import trend, mjunction CEO Vinaya Varma said, "The significant correction in thermal coal price in November prompted buyers to take a wait and watch approach. There, however, was a stable trend in met coal market and this was reflected in the buying pattern." The import of coking coal was at 3.93 MT in November 2018, almost flat against 3.94 MT imported a month ago. "Metallurgical coke imports during the month were at 0.50 MT while 0.53 MT was imported in the previous month," it said. India's coal and coke import during November 2018 through 31 major and non-major ports is estimated to have decreased by 5.32 percent over October 2018, according to a provisional compilation by mjunction, based on monitoring of vessels' positions and data received from shipping companies. Coal India accounts for over 80 per cent of the domestic coal output. Coal India had earlier said there is a need to revisit the timeline of one billion tonnes of production target by state-owned CIL by FY 2019-20.

(Source: www.platts.com)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
Capesize (150.000 tons)	Australia	China	10.35	+0.75
	Queensland	Japan	11.90	+0.90
	New South Wales	South Korea	12.75	+0.90
Panamax (70.000 tons)	Richards Bay	India West	12.75	-0.05
	Kalimantan	India West	8.50	+0.15
	Richards Bay	India East	12.95	-0.05
	Kalimantan	India East	7.05	+0.15
	Australia	China	12.10	+0.55
	Australia	India	13.60	+0.55

(Source: *Platts Coal Trader International – Date 27/11/2018*)