



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
WEEKLY NEWS – FOURTH WEEK
OF NOVEMBER
 (From 19/11 – 23/11)

I. COAL MARKET ANALYSIS

1. INTERNATIONAL COAL PRICE ASSESSMENTS

Unit: USD/ton

Price index	Week 29/10-2/11	Week 5/11-9/11	Week 12/11-16/11	Week 19/11-23/11
PCC 6 (CFR South China 3,800 NAR)	44.65	43.18	40.00	37.83
PCC 7 (CFR South China 4,700 NAR)	60.31	59.06	56.65	55.61
PCC 8 (CFR South China 5,500 NAR)	77.35	75.9	74.22	72.36
FOB Newcastle 6,300 GAR	103.79	102.84	100.63	95.57
CIF ARA 6,000 NAR	97.22	92.59	87.07	80.2
FOB Richards Bay 5,500 NAR	69.29	64.25	61.62	58.5
NEWC (FOB Newcastle 6000 NAR)	N/A	103.40	104.35	98.76

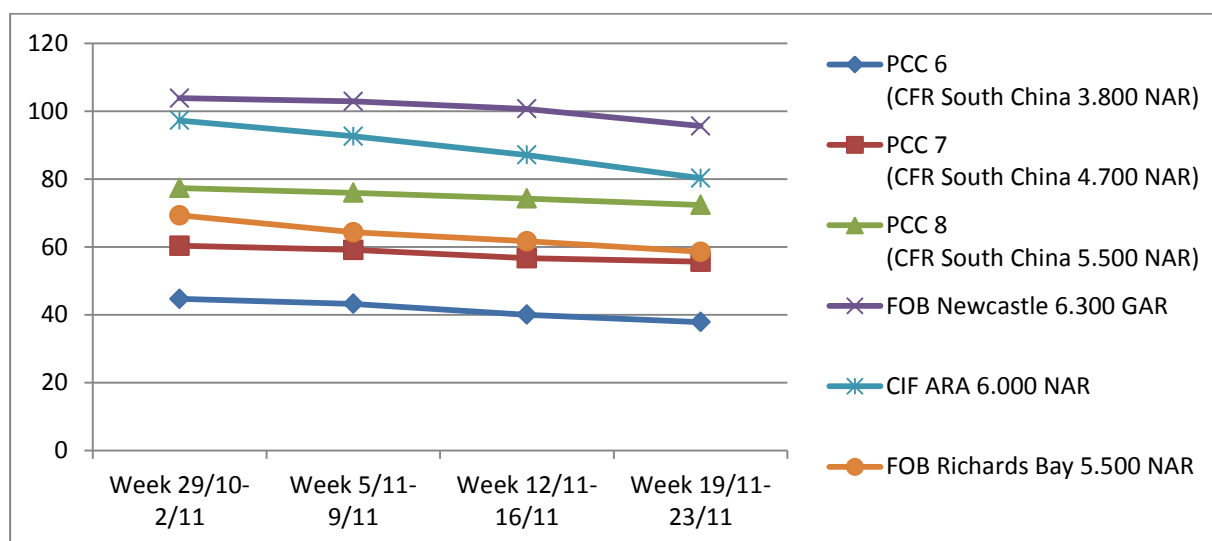


Chart 1: Average coal price 4th week of November (2018)

(Source: Platts Coal Trader International)

2. INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

	Week 4 th - November	19/11	20/11	21/11	22/11	23/11
Capesize (150,000 tons)						
1	Australia – China	7.80	7.55	7.55	7.55	N/A
2	Queensland – Japan	9.20	8.95	8.95	8.45	N/A
3	New South Wales – South Korea	10.05	9.80	9.80	9.30	N/A
Panamax (70,000 tons)						
1	Richards Bay - India West	13.10	13.10	13.00	12.80	N/A
2	Kalimantan - India West	8.55	8.45	8.30	8.20	N/A
3	Richards Bay - India East	13.35	13.35	13.25	13.00	N/A
4	Kalimantan - India East	7.10	7.00	6.85	6.75	N/A
5	Australia - China	11.60	11.60	11.60	11.60	N/A
6	Australia - India	13.00	13.00	13.00	13.00	N/A

(Source: Platts Coal Trader International)

II. NEWS

South Korea's October thermal coal imports fall 7% on year: customs data

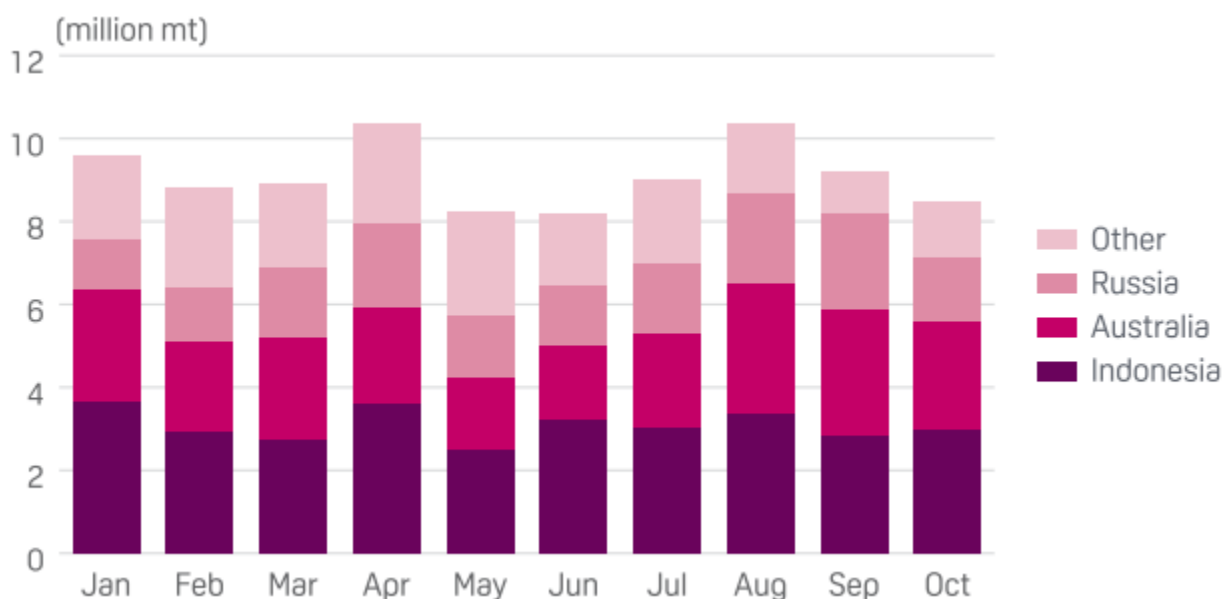
South Korea imported 8.48 million mt of thermal coal in October, down 7.6% on the month and up 7% on the year, according to customs data released Monday.

Indonesia was the largest source of coal, accounting for 2.97 million mt, up 5% on the month and 5.2% from the year-ago month. Of the main origins for South Korea, Indonesia was the only to register a month-on-month increase. Australian coal represented 2.59 million mt of imports, down 14.3% on the month but up 24.5% from the year-ago month. Imports of Russian coal fell to the lowest level in four months at 1.56 million mt, down 32.8% from September's record volume but up 13.8% from the year-ago month as South Korea continues to increase its imports of Russian coal on a long-term basis. Imports from Canada were 748,489 mt and imports from Colombia were 415,246 mt, up 72% and 35% on the month, respectively. No US coal was imported for October. Meanwhile, imports of South African coal continued to dwindle, at just 117,064 mt. This was up from the zero volumes recorded in September but down 88.5% from the year-ago month. It was also the second-lowest monthly volume since October 2016.

South Korea October thermal coal imports

Origin	Volume (mt)	% change on month (%)	% change on year (%)
Indonesia	2,967,724	5	5.2
Australia	2,590,508	-14.3	24.8
Russia	1,558,189	-32.8	13.8
Canada	748,489	72.7	757.9
Colombia	415,246	34.8	541.1
South Africa	117,064	n/a	-88.5
US	0	-100	-100
Other	87,169	69.4	231.4
Total	8,484,389	-7.6	7

South Korea 2018 thermal coal imports



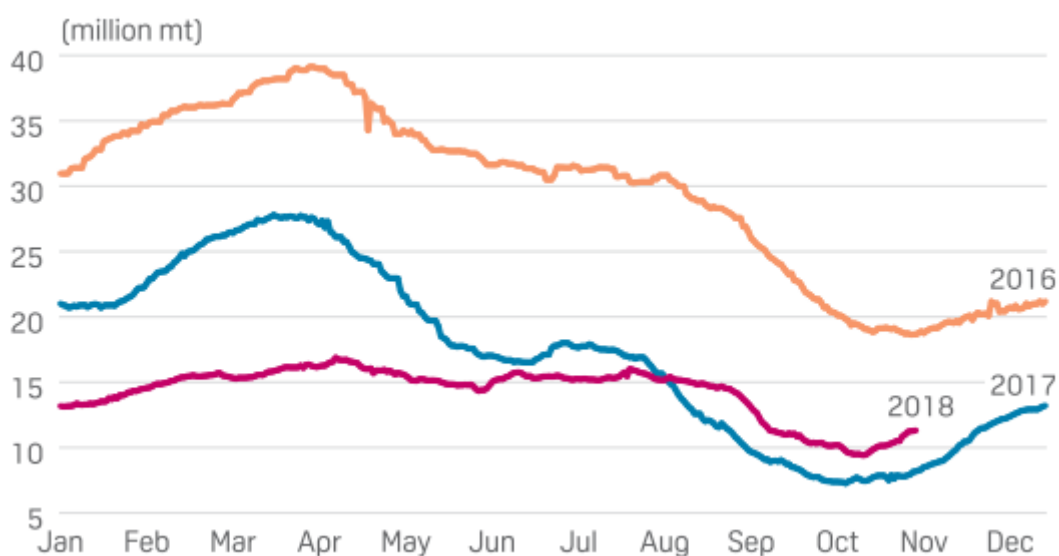
India coal stocks continue recovery with higher domestic production

Thermal coal stocks at Indian power plants rose to 11.3 million mt in the week to Wednesday, up 8% on the week and 37% on the year, according to data published Friday by the Central Electricity Authority. These stockpiles were enough for seven days of power generation, compared with six days for most of October. Despite this continual recovery, stocks were still at very low levels and 25 plants were at critical or super-critical stock levels across the country. Stocks of imported thermal coal were relatively unchanged, falling 1% on the week to 432,000 mt. If supply cover falls below 10 days, India's coastal power plants often turn to the seaborne market to boost their coal stocks, although market sources reported a lack of Indian demand.

Earlier in the week, state-owned Coal India, which is responsible for around 84% of domestic coal production, reported output of 119.62 million mt in the July-September quarter, up 5.8% from the year-ago quarter, while total coal production in the April-October period was 306.24 million mt.

Piyush Goyal, minister for coal, said coal production in the country remained robust despite the national holidays in recent weeks, with Coal India's production target for the fiscal year remaining at 652 million mt.

Coal stocks at Indian power stations



Indonesian miners await China's return to seaborne thermal coal market

Indonesian thermal coal prices plunged to multi-year lows as demand remained weak on the back of China's import restrictions and India was on the sidelines anticipating further weakness. "Unless China comes back, prices will continue to drop," a Singapore-based trader said. "The current 4,200 kcal/kg GAR price is not sustainable ... It is [close to] production cost of miners," an Indonesian trader said. Offers for Supramax cargoes of 4,200 kcal/kg GAR were heard at \$29.50-\$30/mt FOB for December loading while bids were heard at \$27-\$29/mt.

"China might return for pre-Lunar New Year restocking. Although buying might not be high, it might support the prices a bit," another Indonesian trader said. Still, market sources did not anticipate a cut in production from the Indonesian miners. Sources said it was not easy for producers to cut production as equipment and funding were already in place. "We're not planning to cut production yet as China is not our only market. We're still going to India," a source said. "Production schedule involves longer term planning, so I don't think the producers would be able to cut their production. What if China changes its policies again in the next few months?" a Singapore trader said. A trade for Indonesian 3,800 kcal/kg NAR on Panamax basis was heard at \$30/mt FOB for December loading.

Chinese coal price fails to two-year lows

"Current prices are very low, quite close to the \$26-\$27/mt level in 2015-2016, so I don't think prices will keep going down, as the producers won't want to keep making losses," a south China-based trader said. The same trader added that while some power plants might still have room for negotiation for imports, most traders would not take the risks to procure shipments on their own. "Demand from China is very weak, and buyers from other region are lowering their bids too when they see such a situation," said a Singapore-based trader. An end-user said they were delaying shipments for their term contracts in view of the import restrictions. Major producers would not be willing to sell below \$30/mt FOB, but there were some distressed cargoes from the smaller miners, according to Indonesian market sources.

Chinese domestic demand remains weak

In China, demand for domestic coal had not picked up and most offers were still heard at about Yuan 630/mt FOB Qinhuangdao, a south China-based trader said. "Though some producers had lowered their prices, some had increased instead, so generally the domestic market has been rather stable," the trader added. The same trader pegged buying indication for spot 5,500 kcal/kg NAR grade at around Yuan 625/mt FOB. Sources expect China to keep domestic prices low amid import controls and cheaper imported coal prices. "If domestic prices increase and end-users are not allowed to buy imported coal, they will definitely be unhappy," a trader said.

(Source: Platts)