



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

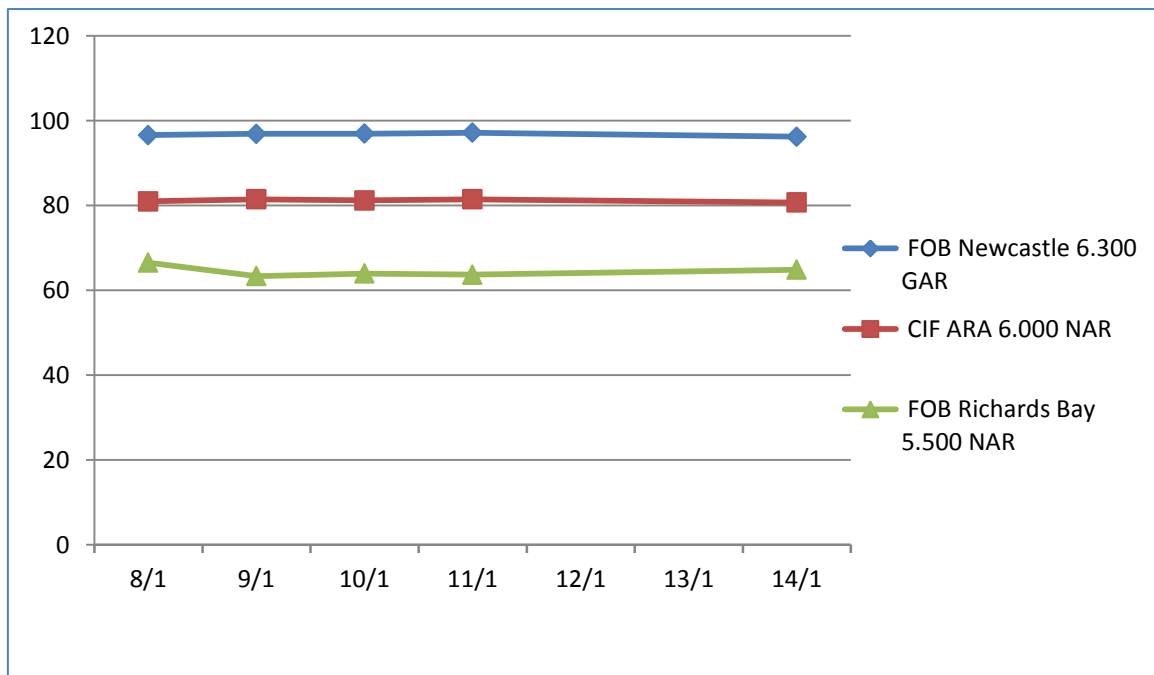
Date 19/01/2019

**INTERNATIONAL COAL PRICE ASSESSMENTS**

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	96.90	+0.30	N/A	N/A
CIF ARA 6,000 NAR	81.45	+0.50	N/A	N/A
FOB Richards Bay 5,500 NAR	63.35	+0.75	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	68.40	+0.10
FOB Kalimantan 5,000 GAR	N/A	N/A	46.90	+0.20

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	38.70	+0.10	263.19	-0.32
PCC7 (CFR South China 4,700 NAR)	54.35	+0.10	369.63	-0.72
PCC8 (CFR South China 5,500 NAR)	71.00	+0.00	482.86	-1.84

**DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2019**



*(Source: Platts Coal Trader International – Date 14/1/2019)*

## **NEWS**

### **China could turn to Indonesian imports as coal mines shut after accident which left 21 dead**

Coal mining has been halted for at least a month in all private mines in Shenmu county where the roof collapsed at the 0.9m tonnes per year Lijiagou coal mine. The shutdown in one of China's top coal regions will reduce output by around 50m tonnes per year, analysts at Wood Mackenzie said. Meanwhile nearby Fugu county may also suspend coal mining, leaving another 50m tonne hole in the country's output.

The news could force China to venture abroad to keep its coal plants fired up and could be a boon for other Asian coal producers. "I would expect this to give imports a further lift in the short term. Although China has been issuing new coal capacity, with more efficient lines coming online in 2019, I would not think this production loss will be recouped elsewhere in the short term," said Hui Heng Tan, a Singapore-based research analyst for Marex Spectron. "In the short term imports will continue to be up. But I expect this to be a temporary phenomenon and authorities will be keen to get production back up [in the affected areas]." "This would be very bullish for Indonesian coal, which is one of China's key suppliers."

The price of Qinhuangdao 5500 coal, which had been falling for a week before the accident, levelled off on 14 January, the first trading day after the roof collapse, Wood Mackenzie said. Meanwhile prices in Shenmu and Fugu have increased by 10-50 yuan. "The accident will have a greater impact on the market after the Chinese new year. Although production has been suspended in the region, it will barely worry the market before the holiday period, which is only three weeks away. Private mines typically stop operating one week before the national holiday," the analysts at Wood Mackenzie said. Over 20 miners were killed in the Lijiagou mine less than a year after it was given a grade 2 safety rating, which suggests flaws in the process, Wood Mackenzie said. Mines wanting to reopen after the new year will have to go through new inspections.

### **China's domestic thermal coal prices under close watch ahead of key political meetings: sources**

China's domestic thermal coal prices are likely to come under close watch in coming weeks as the country strives to keep prices of essential goods stable during the Lunar New Year holiday period in February and key annual political meetings in March, market sources said Friday. The country's top planner National Development and Reform Commission issued a notice on Thursday requesting departments in all regions "effectively ensure stable supply and prices of important goods during the Spring Festival of 2019 and the 'two sessions'." The Spring Festival or Lunar New Year holiday falls on February 4-10 this year, with industrial activity typically winding down around a week or two before that. The "two sessions" are the annual parliamentary meeting of the national legislature National People's Congress and the top political advisory body Chinese People's Political Consultative Conference that are held in Beijing each year in early March.

The NDRC notice specified scrutiny of transport and supermarket costs, but market sources said thermal coal prices would also be closely watched. "During the 'two sessions' the government will always want to ensure everything is stable and that includes thermal coal prices," a trader said. However market sources expect domestic thermal coal prices to increase after the Lunar New Year holiday after a fatal coal mine accident on Saturday in Shaanxi saw more than 70% of mines in the province shut for safety inspections, sparking concerns of a looming supply shortage. The safety checks have also been extended to Shanxi and Inner Mongolia in recent days, industry sources said. The inspections are expected to continue until after the "two sessions" in March to ensure the meetings are not overshadowed by major incidents, the sources said. "This is especially so as this year marks the 70th anniversary of the founding of new China," said a trader in China.

### **China December coal output rises about 2 percent to highest in over three years**

China's December coal output climbed 2.1 percent from the year before, government data showed, hitting the highest level in at least three years as major producers ramped up production amid robust winter demand and after the country started up new mines. Miners produced 320.38 million tonnes of coal in December, according to data released on Monday by the National Bureau of Statistics. That is the highest level on records going back to March, 2016.

China approved more than 45 billion yuan's (\$6.64 billion) worth of new coal mining projects last year, much more than 2017, official documents show. The new projects contributed to bigger output last year, with annual production in 2018 rising 5.2 percent to 3.55 billion tonnes, the highest since 2015. However, miners and traders expect supplies to fall sharply in January following a crackdown on coal mines following a major accident on Jan. 13 in the northwestern province of Shaanxi. "It is now possible that Shaanxi will implement the strictest-ever regulations on illegal production, which would significantly reduce output in the province for the year," Zhai Yu, senior consultant at analysts Wood Mackenzie said in a note published last week. "If stricter checks are extended to other provinces, domestic supply could tighten from its currently relaxed situation, helping coal imports as a result," Zhai wrote. Shaanxi accounts for about 20 percent of China's annual coal production.

(Source: [www.spglobal.net](http://www.spglobal.net))

## **INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS**

<i>Unit: USD/ton</i>				
Size	From	To	Freight rates	Change
<b>Capesize</b> (150.000 tons)	Australia	China	7.70	-0.15
	Queensland	Japan	8.60	-0.15
	New South Wales	South Korea	9.45	-0.15
<b>Panamax</b> (70.000 tons)	Richards Bay	India West	12.00	-0.30
	Kalimantan	India West	8.00	-0.10
	Richards Bay	India East	12.20	-0.30
	Kalimantan	India East	6.65	-0.10
	Australia	China	10.80	-0.10
	Australia	India	12.10	-0.10

(Source: *Platts Coal Trader International* – Date 14/1/2019)