



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

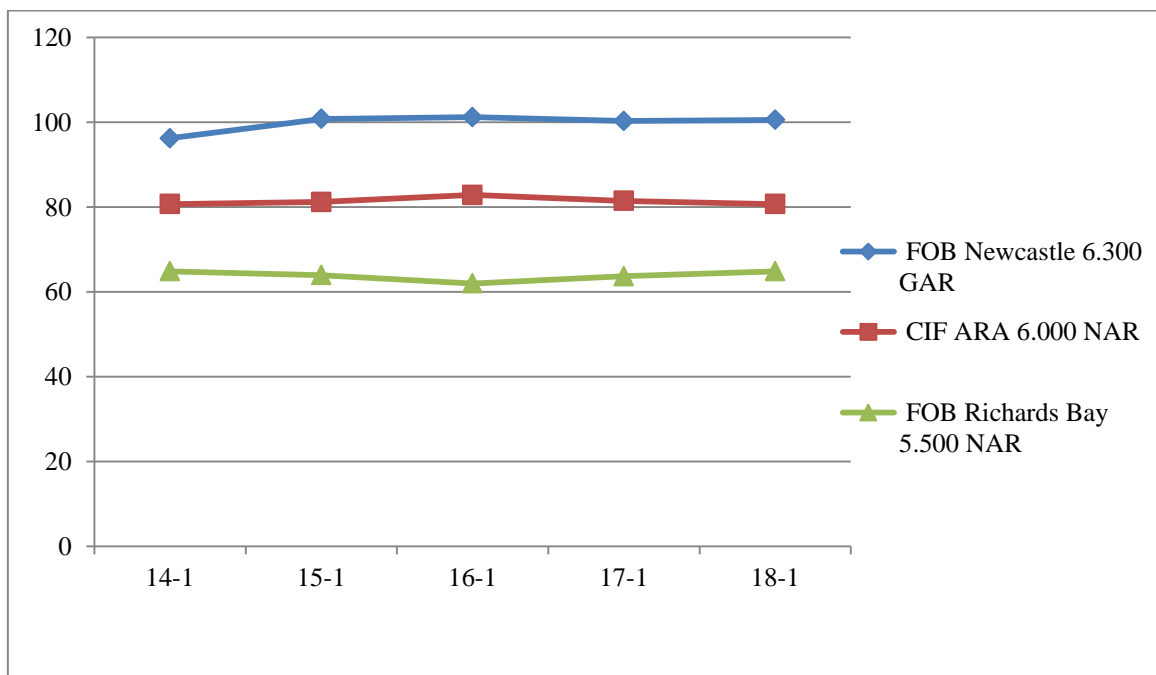
Date 24/01/2019

**INTERNATIONAL COAL PRICE ASSESSMENTS**

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	100.55	+0.25	N/A	N/A
CIF ARA 6,000 NAR	84.35	-0.75	N/A	N/A
FOB Richards Bay 5,500 NAR	69.65	+1.50	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	69.95	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	51.00	+0.00

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	41.00	+0.50	276.69	+3.56
PCC7 (CFR South China 4,700 NAR)	58.20	+0.20	392.77	+1.62
PCC8 (CFR South China 5,500 NAR)	72.50	+0.25	489.27	+2.02

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



*(Source: Platts Coal Trader International – Date 18/1/2019)*

## **NEWS**

### **China becomes major backer of coal power plants in overseas markets**

China has become a significant financial supporter of coal-fired power plants around the world, funding more than 25% of all new facilities overseas despite the country slashing use of polluting fuel nationally, according to a study by US-based think-tank Institute for Energy Economics and Financial Analysis (IEEFA). Countries receiving financial backing include Bangladesh, Vietnam, South Africa and Pakistan. According to the report, 25% of the proposed power plants would rely on technology that is being reduced in China.

IEEFA's energy finance consultant and the report's author Melissa Brown was quoted by Reuters as saying: "China is taking very forceful steps to slow down the increase in coal-fired power facilities in China, but is looking to take that capacity and sell it overseas." Domestically, China is investing significantly in renewable energy to slash its reliance on coal, which is a major source of carbon emissions. As part of its efforts to reduce the dependence on coal, it has closed ageing mines and power plants. It intends to reduce the fuel's share in the total energy consumption to 58% in 2020 from 69% in 2011. Even as the country reduces its dependence on the polluting fuel, its financial institutions have either committed or offered \$35.9bn in funding for 102GW of coal-fired power in other countries, according to the report.

Financial entities such as the World Bank are aiming to curb new investments in coal-fired power plants, but Chinese organisations are often 'lenders of last resort' for these plants. The report alleges that firms facing restrictions on coal production at home to reduce pollution are investing in overseas markets. For example, the Xuzhou Mining Group is operating projects in Pakistan and Bangladesh following the closure of its collieries in Jiangsu province of China. Similarly, the development of 14GW of planned coal-fired capacity in Bangladesh and 13GW in Vietnam have involvement of Chinese entities. Brown added: "Ironically, many of the equipment types would no longer be suitable for use in China. "Many countries have lower environmental standards and are highly motivated to take investment in any form." In 2018, China's total renewable and nuclear power generation capacity was up to 749GW. There is an increase in the share of total power capacity from 34% to 40% in a period of only three years.

### **China's thermal coal market heads to a standstill as Lunar New Year approaches**

China's domestic thermal coal production and consumption would fall steeply in the coming weeks as several industries and mines are likely to come to a standstill ahead of the Lunar New Year holidays, market sources said Tuesday. The Lunar New Year or Spring Festival holidays will start on February 4 and end on February 10, but coal production will start to decline as Chinese workers prepare to return to their hometowns a week or so before the start of festivities. The rush back home during this period is known as "chunyun" in Chinese, and this peak travel season is dubbed as "the largest annual human migration in the world" as millions head to their respective hometowns at the same time. Combined coal stocks held by China's six key coal-fired power generators in southern and eastern China have been relatively high amid warmer weather and slower industrial production.

Coal stockpiles held by power utilities Tuesday are currently at the equivalent of almost 21 days of coal burn, two days higher from last week, according to port figures. Total coal consumption during the Lunar New Year month is typically lower compared with other months. Coal output in February is also the lowest among the months of the year, the National Bureau Statistics data showed. Accumulated output of coal in January and February in both 2017 and 2018 was around 510 million mt, averaging about 255 million mt for both months, as compared with an average output of around 290 million mt for the rest of the year. China's December 2018 coal output increased 2.1% from a year ago to reach 320.38 million mt, according to official data released Monday. The country's annual coal production in 2018 reached 3.55 billion mt, rising 5.2% year on year as the government replaced outdated production capacity with higher-quality coal supply.

## Yancoal Australia's 2018 coal output rises 59% on year to 50 mil mt

Yancoal Australia said Friday it produced 50 million mt of salable coal in 2018, up 59% year on year. It attributed much of the increase to the contribution from assets it acquired from Rio Tinto in September 2017 in a filing to the Australian Securities Exchange, and forecast further growth in 2019. The company, which is majority-owned by China-based Yanzhou Coal, said 32.9 million mt of the total was attributable to Yancoal, up 78% on the year. It said guidance for attributable salable coal production for 2019 was higher at 35 million mt. Yancoal said is attributable metallurgical coal sales in 2018 totaled 7.2 million mt, up 16% year on year. The miner's equity share of volumes include Moolarben (85%), Mount Thorley Warkworth (82.9%), Hunter Valley Operations (51%), Stratford Duralie (100%), Yarrabee (100%), Middlemount (50%), Ashton (100%) and Austar (100%) in eastern Australia. Yancoal said it also benefited from a full quarter's impact of new fleet maintenance practices at the Mount Thorley Warkworth open cut mine operation in the Hunter Valley region of the state of New South Wales, which reduced truck downtimes and interruptions to extraction and haulage rates.

"Similar maintenance reviews are ongoing across Yancoal's other open cut mines, including the tier one joint venture Hunter Valley Operations mine, as the business continues to establish new operating protocols and efficiencies to drive further production gains," the company said in a statement. Yancoal said that while Australia remains a major source of premium grade metallurgical coal, the curtailing of new supply growth due to ongoing challenges associated with obtaining approval for greenfield developments is likely to strengthen premium coal prices, with operators of brownfield expansion opportunities likely to benefit. "In the year ahead, Yancoal will continue to ramp up exploratory works across its tier one assets to evaluate new opportunities to meet strong thermal and metallurgical coal customer demand," it said. "Importantly, we are making positive progress regarding the potential development of a proposed 6 million mt/year underground mine at Mount Thorley Warkworth, with exploration drilling for the prefeasibility on the target seams completed at the end of 2018," it added. Yancoal acquired Rio Tinto's Hunter Valley Operations and Mount Thorley Warkworth mines for A\$2.69 billion in September 2017.

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

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

Size	From	To	Freight rates	Change
<b>Capesize</b> (150.000 tons)	Australia	China	8.45	+0.80
	Queensland	Japan	9.50	+0.95
	New South Wales	South Korea	10.35	+0.95
<b>Panamax</b> (70.000 tons)	Richards Bay	India West	11.20	+0.00
	Kalimantan	India West	7.50	-0.15
	Richards Bay	India East	11.35	+0.00
	Kalimantan	India East	6.20	-0.15
	Australia	China	10.45	+0.00
	Australia	India	11.70	+0.00

(Source: *Platts Coal Trader International* – Date 18/1/2019)