



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

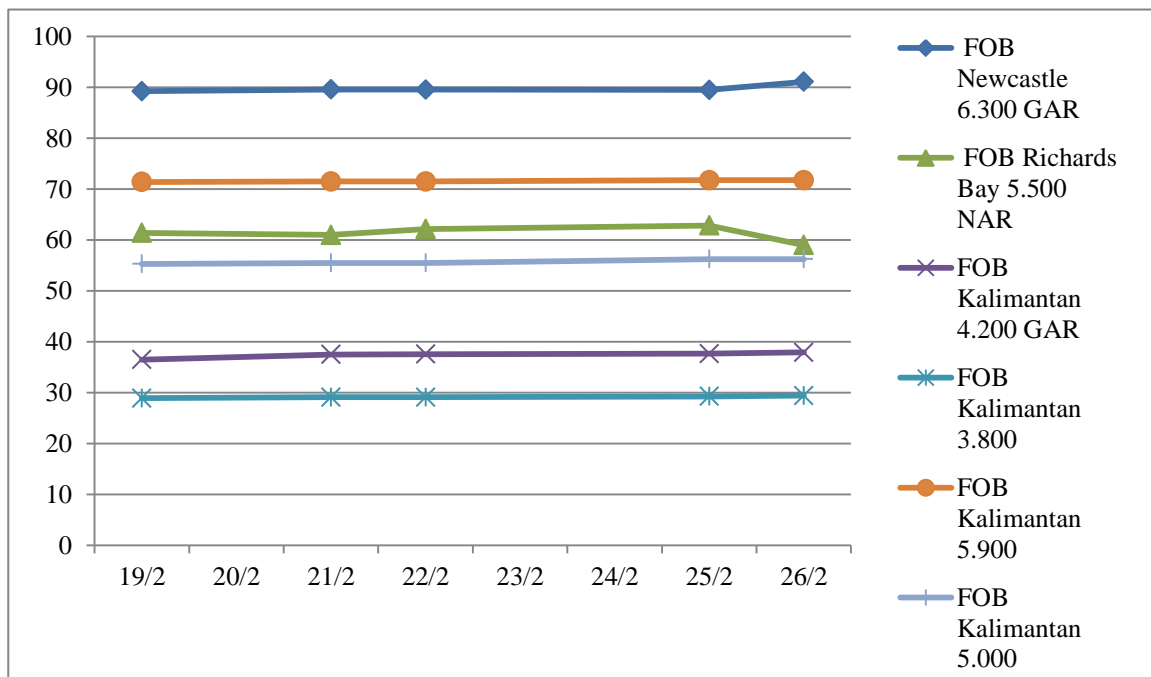
Date 7/3/2019

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	91.10	-0.65	N/A	N/A
FOB Richards Bay 5.500 NAR	59.00	-0.15	N/A	N/A
FOB Kalimantan 5.900 GAR	N/A	N/A	71,75	+0.00
FOB Kalimantan 5,000 GAR	N/A	N/A	56,25	+0.00
FOB Kalimantan 4,200 GAR	37.90	+0.25	N/A	N/A
FOB Kalimantan 3.800 GAR	29.40	+0.15	N/A	N/A

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	44.40	+0.10	296.14	+0.82
PCC7 (CFR South China 4,700 NAR)	62.85	+0.10	419.20	+0.88
PCC8 (CFR South China 5,500 NAR)	67.50	+1.00	450.21	+6.89

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2019



(Source: Platts Coal Trader International – Date 26/2/2019)

NEWS

Stricter clearance procedures for Australian coal import at Chinese ports: sources

Various Chinese ports have implemented stricter clearance procedures for Australian cargoes, further dampening demand for Australian thermal coal, market sources said Tuesday. Custom authorities in Fangcheng in Guangxi, south China, were said to have held meetings on Tuesday and listed directives on handling Australian cargoes, according to sources. Among the points highlighted during the meeting, cargo discharge will be limited during workdays, while “radioactive tests” will be conducted for every 500 mt of coal unloaded. Custom clearance time can be expected to be about 3 months, according to market sources. Delays for Australian cargoes had been observed since beginning of the year, with custom clearance taking about 40 days. Cargoes of other origin have not been affected so far, while market sources are expecting other ports to implement similar policy.

There were talks about an import ban on Australian coal at Chinese north eastern ports about two weeks ago, but Chinese foreign ministry spokesman had denied a ban was being imposed. Instead, he said, Chinese customs are conducting checks to ensure the coal meet environmental standards. S&P Global Platts reported Friday that China’s General Administration of Customs has ordered an immediate halt to discharges of Australian thermal coal at Chinese ports. Market experts say Australian cargoes could be diverted to India. The expected long delays have continued to deter buying interest for Australian thermal coal in China, despite a wider price arbitrage. The price of Australian 5,500 kcal/kg NAR grade of coal was assessed \$60.60/mt FOB Newcastle Tuesday, up from \$60/mt on January 2.

Supply of domestic coal to tighten as china orders more open-pit mines to shut: sources

Supply of domestic coal is expected to tighten further as authorities in China’s northwestern province had ordered open-pit mines to shut down, market sources said Wednesday. According to a document recently released by local authorities in Shenmu and Fugu, counties in Shaanxi’s Yulin city, all open-pit coal mines will have to be shut by end of this year. This is to “win the battle in cleaning up the environment and protecting the ecology, as well as solving the problem of illegal resource mining,” the document said. The document also detailed timeline for the actions, including extinguishing the fire by end of March, land reclamation by end of September, and to ensure proper work closure by end-November.

“These open mines are like ticking time bombs, we won’t know when there will be safety problems surfacing, so the authorities are taking bold steps on this,” a China-based market source said. Market sources estimate around 130 million mt of production will be affected by the shut mines. The directives come amid ongoing safety checks at mines in Shaanxi and Inner Mongolia after two mine accidents occurred in January and February. The stringent mine checks along with import curbs on Australian coal had pushed prices of domestic thermal coal higher. Market sources expect the latest announcements to cause supply to tighten further in the coming months and likely to benefit imported coal of other origin, including coal from Indonesia and Russia. S&P Global Platts had assessed China’s domestic 5,500 kcal/kg NAR grade of coal at Yuan 635/mt FOB Qinhuangdao Tuesday, 9.5% higher from the January 2 assessment of Yuan 580/mt FOB.

Global coal production forecast to grow to 2022

Coal production is forecast to grow globally over the next three years despite major players scaling down their capacity. That’s according to a new report, which predicts expansion of production capacity in India and Indonesia to boost output to 7.6 billion tonnes in 2022. GlobalData suggests coal production in India, Indonesia and Australia is forecast to grow at compound annual growth rates (CAGRs) of 10.9%, 3.9% and 2.3% respectively between 2018 and 2022, with the high growth in India helping reducing the nation’s reliance on imports. More than 300 coal projects are expected to start operations between 2019 and 2022, out of which 92 are currently under construction and the remainder under various stages of development. A total of 57 are in Australia, 55 in India, 54 in China, 30 in South Africa, 18 each in Canada and Indonesia and 15 in the US.

Global production of coal increased by 2.8% in 2017 after falling consecutively for three years and rose again by 0.1% last year – driven by India, Indonesia and Russia. Vinneth Bajaj, Senior Mining Analyst at GlobalData said: “Despite growth in 2017 and 2018, production has yet to reach historic levels as several mining companies have withdrawn, either partially or completely, from the coal business. “These include China’s Yanzhou Coal, which has disposed of five coal projects in the last five years and Nacco Industries, POSCO, CNX Resources who have collectively scaled back their coal assets by almost 50%. Rio Tinto, BHP and Vale have also sold almost all of their coal assets with the former completely exiting coal production.”

(Source: www.spglobal.com)

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Unit: USD/ton

Size	From	To	Freight rates	Change
Capesize (150.000 tons)	Australia	China	6.10	+0.00
	Queensland	Japan	6.70	+0.00
	New South Wales	South Korea	7.55	+0.00
Panamax (70.000 tons)	Richards Bay	India West	10.70	+0.00
	Kalimantan	India West	8.00	+0.30
	Richards Bay	India East	10.75	+0.00
	Kalimantan	India East	6.70	+0.30
	Australia	China	10.40	+0.25
	Australia	India	11.50	+0.25

(Source: *Platts Coal Trader International* – Date 26/2/2019)