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## ***ARGUS INTERNATIONAL LPG***

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The most up-to-date Argus International LPG methodology is available on [www.argusmedia.com](http://www.argusmedia.com)

## Methodology overview

### Methodology rationale

Argus strives to construct methodologies that reflect the way the market trades. Argus aims to produce price assessments that are reliable indicators of commodity market values, free from distortion and representative of spot market values. As a result, the specific currencies, volume units, locations and other particulars of an assessment are determined by industry conventions.

In the international LPG markets, Argus publishes physical market prices in the open spot market as laid out in the specifications and methodology guide. Argus uses the trading period deemed by Argus to be most appropriate, in consultation with industry, to capture spot liquidity. Additionally, Argus reflects international LPG swap market prices as a bid-offer range over various time ranges depending on the broad regional location of the market, detailed in the methodology below. This approach aligns the financial swap with its underlying regional futures settlement price.

In order to be included in the assessment process, deals must meet the minimum volume, delivery, timing, and specification requirements in our methodology. In illiquid markets, Argus assesses the range within which product could have traded by applying a strict process outlined later in this methodology.

### Survey process

Argus price assessments are informed by information received from a wide cross-section of market participants, including producers, consumers and intermediaries. Argus reporters engage with the industry by proactively polling participants for market data. Argus will contact and accept market data from all credible market sources including front and back office of market participants and brokers. Argus will also receive market data from electronic trading platforms, Argus Open Markets™ (AOM™) and directly from the back offices of market participants. Argus will accept market data by telephone, instant messenger, email, AOM or other means.

Argus encourages all sources of market data to submit all market data to which they are a party that falls within the Argus stated methodological criteria for the relevant assessment. Argus encourages all sources of market data to submit transaction data from back office functions. Argus will contact and accept market data from all credible market sources including front and back office of market participants and brokers.

Throughout all markets, Argus is constantly seeking to increase the number of companies willing to provide market data. Reporters are mentored and held accountable for expanding their pool of contacts. The number of entities providing market data can vary significantly from day to day based on market conditions.

For certain price assessments identified by local management, if more than 50pc of the market data involved in arriving at a price assessment is sourced from a single party the supervising editor will engage in an analysis of the market data with the primary reporter to ensure that the quality and integrity of the assessment has not been affected.

### Market data usage

In each market, Argus uses the methodological approach deemed to be the most reliable and representative for that market. Argus will utilise various types of market data in its methodologies, to include:

- Transactions
- Bids and offers
- Other market information, to include spread values between grades, locations, timings, and many other data.

In many markets, the relevant methodology will assign a relatively higher importance to transactions over bids and offers, and a relatively higher importance to bids and offers over other market information. Certain markets however will exist for which such a hierarchy would produce unreliable and non-representative price assessments, and so the methodology must assign a different relative importance in order to ensure the quality and integrity of the price assessment. And even in markets for which the hierarchy normally applies, certain market situations will at times emerge for which the strict hierarchy would produce non-representative prices, requiring Argus to adapt in order to publish representative prices.

### Verification of transaction data

Reporters carefully analyse all data submitted to the price assessment process. These data include transactions, bids, offers, volumes, counterparties, specifications and any other information that contributes materially to the determination of price. This high level of care described applies regardless of the methodology employed. Specific to transactions, bids, and offers, reporters seek to verify the price, the volume, the specifications, location basis, and counterparty. In some transactional average methodologies, reporters also examine the full array of transactions to match counterparties and arrive at a list of unique transactions. In transactional average methodologies, full details of the transactions verified are published on electronic bulletin boards that are accessible by subscribers. The deals are also published in the daily report.

Several tests are applied by reporters in all markets to transactional data to determine if it should be subjected to further scrutiny. If a transaction has been identified as failing such a test, it will receive further scrutiny. For assessments used to settle derivatives and for many other assessments, Argus has established internal procedures that involve escalation of enquiry within the source's company and escalating review within Argus management. Should this process determine that a transaction should be excluded from the price assessment process, the supervising editor will initiate approval and, if necessary, documentation procedures.

### Primary tests applied by reporters

- Transactions not transacted at arm's length, including deals between related parties or affiliates.
- Transaction prices that deviate significantly from the mean of all transactions submitted for that day.
- Transaction prices that fall outside of the generally observed lows and highs that operated throughout the trading day.
- Transactions that are suspected to be a leg of another transaction or in some way contingent on an unknown transaction.

- Single deal volumes that significantly exceed the typical transaction volume for that market.
- Transaction details that are identified by other market participants as being for any reason potentially anomalous and perceived by Argus to be as such.
- Transaction details that are reported by one counterparty differently than the other counterparty.
- Any transaction details that appear to the reporter to be illogical or to stray from the norms of trading behaviour. This could include but is not limited to divergent specifications, unusual delivery location and counterparties not typically seen.
- Transactions that involve the same counterparties, the same price and delivery dates are checked to see that they are separate deals and not one deal duplicated in Argus records.

### Secondary tests applied by editors for transactions identified for further scrutiny

#### Transaction tests

- The impact of linkage of the deal to possible other transactions such as contingent legs, exchanges, options, swaps, or other derivative instruments. This will include a review of transactions in markets that the reporter may not be covering.
- The nature of disagreement between counterparties on transactional details.
- The possibility that a deal is directly linked to an offsetting transaction that is not publicly known, for example a “wash trade” which has the purpose of influencing the published price.
- The impact of non-market factors on price or volume, including distressed delivery, credit issues, scheduling issues, demurrage, or containment.

#### Source tests

- The credibility of the explanation provided for the outlying nature of the transaction.
- The track record of the source submitting the data. Sources will be deemed more credible if they
  - Regularly provide transaction data with few errors.
  - Provide data by Argus’ established deadline.
  - Quickly respond to queries from Argus reporters.
  - Have staff designated to respond to such queries.
- How close the information receipt is to the deadline for information, and the impact of that proximity on the validation process.

### Assessment guidelines

When insufficient, inadequate, or no transaction information exists, or when Argus concludes that a transaction-based methodology will not produce representative prices, Argus reporters will make an assessment of market value by applying intelligent judgment based on a broad array of factual market information. Reporters must use a high degree of care in gathering and validating all market data used in determining price assessments, a degree of care equal to that applying to gathering and validating transactions. The information used to form an assessment could include deals done, bids, offers, tenders, spread trades, exchange trades, fundamental supply and demand information and other inputs.

The assessment process employing judgment is rigorous, replicable, and uses widely accepted valuation metrics. These valuation metrics mirror the process used by physical commodity traders to internally assess value prior to entering the market with a bid or offer. Applying these valuation metrics along with sound judgment significantly narrows the band within which a commodity can be assessed, and greatly increases the accuracy and consistency of the price series. The application of judgment is conducted jointly with the supervising editor, in order to be sure that guidelines below are being followed. Valuation metrics include the following:

#### Relative value transactions

Frequently transactions occur which instead of being an outright purchase or sale of a single commodity, are instead exchanges of commodities. Such transactions allow reporters to value less liquid markets against more liquid ones and establish a strong basis for the exercise of judgment.

- Exchange one commodity for a different commodity in the same market at a negotiated value.
- Exchange delivery dates for the same commodity at a negotiated value.
- Exchange a commodity in one location for the same commodity at another location at a negotiated value.

#### Bids and offers

If a sufficient number of bids and offers populate the market, then the highest bid and the lowest offer can be assumed to define the boundaries between which a deal could be transacted.

#### Comparative metrics

The relative values between compared commodities are readily discussed in the market and can be discovered through dialogue with market participants. These discussions are the precursor to negotiation and conclusion of transactions.

- Comparison to the same commodity in another market centre.
- Comparison to a more actively traded but slightly different specification commodity in the same market centre.
- Analysis of prices in forward markets for a physically deliverable commodity that allow extrapolation of value into the prompt timing for the commodity assessed.
- Comparison to the commodity’s primary feedstock or primary derived product(s).
- Comparison to trade in the same commodity but in a different modality (as in barge versus oceangoing vessel) or in a different total volume (as in full cargo load versus partial cargo load).

#### Volume minimums and transaction data thresholds

Because of the varying transportation infrastructure found in all commodity markets, Argus typically does not establish thresholds strictly on the basis of a count of transactions, as this could lead to unreliable and non-representative assessments. Instead, minimum volumes are typically established which may apply to each transaction accepted, to the aggregate of transactions, to transactions which set a low or high assessment or to other volumetrically relevant parameters.

For price assessments used to settle derivatives, Argus will seek to establish minimum transaction data thresholds and when no such threshold can be established Argus will explain the reasons. These thresholds will often reflect the minimum volumes necessary to produce a transaction-based methodology, but may also establish minimum deal parameters for use by a methodology that is based primarily on judgment.

Should no transaction threshold exist, or should submitted data fall below this methodology's stated transaction data threshold for any reason, Argus will follow the procedures outlined elsewhere in this document regarding the exercise of judgment in the price assessment process.

### Transparency

Argus values transparency in energy markets. As a result, we publish lists of deals in our reports that include price, basis, counterparty and volume information. The deal tables allow subscribers to cross check and verify the deals against the prices. Argus feels transparency and openness is vital to developing confidence in the price assessment process.

### Swaps and forwards markets

Argus publishes forward assessments for numerous markets. These include forward market contracts that can allow physical delivery and swaps contracts that swap a fixed price for the average of a floating published price. Argus looks at forward swaps to inform physical assessments but places primary emphasis on the physical markets.

### Publications and price data

Argus International LPG prices are published in the Argus International LPG report. Subsets of these prices appear in other Argus market reports and newsletters in various forms, such as Argus LPG World. The price data are available independent of the text-based report in electronic files that can feed into various databases. These price data are also supplied through various third-party data integrators. The Argus website also provides access to prices, reports and news with various web-based tools. All Argus prices are kept in a historical database and available for purchase. Contact your local Argus office for information.

### Corrections to assessments

Argus will on occasion publish corrections to price assessments after the publication date. We will correct errors that arise from clerical mistakes, calculation errors, or a misapplication of our stated methodology. Argus will not retroactively assess markets based on new information learned after the assessments are published. We make our best effort to assess markets based on the information we gather during the trading day assessed.

### Ethics and compliance

Argus operates according to the best practices in the publishing field, and maintains thorough compliance procedures throughout the firm. We want to be seen as a preferred provider by our subscribers, who are held to equally high standards, while at the same time maintaining our editorial integrity and independence. Argus has a strict ethics policy that applies to all staff. The policy can

be found on our website at [www.argusmedia.com](http://www.argusmedia.com). Included in this policy are restrictions against staff trading in any energy commodity or energy related stocks, and guidelines for accepting gifts. Argus also has strict policies regarding central archiving of email and instant messenger communication, maintenance and archiving of notes, and archiving of spreadsheets and deal lists used in the price assessment process. Argus publishes prices that report and reflect prevailing levels for open-market arm's length transactions (please see the [Argus Global Compliance Policy](#) for a detailed definition of arms length).

### Consistency in the assessment process

Argus recognises the need to have judgment consistently applied by reporters covering separate markets, and by reporters replacing existing reporters in the assessment process. In order to ensure this consistency, Argus has developed a programme of training and oversight of reporters. This programme includes:

- A global price reporting manual describing among other things the guidelines for the exercise of judgment.
- Cross-training of staff between markets to ensure proper holiday and sick leave backup. Editors that float between markets to monitor staff application of best practices.
- Experienced editors overseeing reporting teams are involved in daily mentoring and assisting in the application of judgment for illiquid markets.
- Editors are required to sign-off on all price assessments each day, thus ensuring the consistent application of judgment.

### Review of methodology

The overriding objective of any methodology is to produce price assessments that are reliable indicators of commodity market values, free from distortion and representative of spot market values. As a result, Argus editors and reporters are regularly examining our methodologies and are in regular dialogue with the industry in order to ensure that the methodologies are representative of the physical market being assessed. This process is integral with reporting on a given market. In addition to this ongoing review of methodology, Argus conducts reviews of all of its methodologies and methodology documents on at least an annual basis.

Argus market report editors and management will periodically and as merited initiate reviews of market coverage based on a qualitative analysis that includes measurements of liquidity, visibility of market data, consistency of market data, quality of market data and industry usage of the assessments. Report editors will review:

- Appropriateness of the methodology of existing assessments
- Termination of existing assessments
- Initiation of new assessments

The report editor will initiate an informal process to examine viability. This process includes:

- Informal discussions with market participants
- Informal discussions with other stakeholders
- Internal review of market data

Should changes, terminations, or initiations be merited, the report editor will submit an internal proposal to management for review and approval. Should changes or terminations of existing assessments be approved, then formal procedures for external consultation are begun.

### Changes to methodology

Formal proposals to change methodologies typically emerge out of the ongoing process of internal and external review of the methodologies. Formal procedures for external consultation regarding material changes to existing methodologies will be initiated with an announcement of the proposed change published in the relevant Argus report. This announcement will include:

- Details on the proposed change and the rationale
- Method for submitting comments with a deadline for submissions
- For prices used in derivatives, notice that all formal comments will be published after the given consultation period unless submitter requests confidentiality

Argus will provide sufficient opportunity for stakeholders to analyse and comment on changes, but will not allow the time needed to follow these procedures to create a situation wherein unrepresentative or false prices are published, markets are disrupted, or market participants are put at unnecessary risk. Argus will engage with industry throughout this process in order to gain acceptance of proposed changes to methodology. Argus cannot however guarantee universal acceptance and will act for the good order of the market and ensure the continued integrity of its price assessments as an overriding objective.

Following the consultation period, Argus management will commence an internal review and decide on the methodology change. This will be followed by an announcement of the decision that will be published in the relevant Argus report and include a date for implementation. For prices used in derivatives, publication of stakeholders' formal comments that are not subject to confidentiality and Argus' response to those comments will also take place.

## Argus International LPG report

The Argus International LPG report is a daily report that covers the market for internationally or openly traded LPG.

Prices are for contracts under whatever general terms and conditions are accepted as the standard prevailing in that particular market.

Assessments and formulas refer to the price on the day of the published report and published changes are from the previous publication.

All prices are in US dollars per tonne (\$/t) unless otherwise stated.

## International comparisons

### Argus North Sea Index (ANSI™)

#### Propane

Prices are for the listed month.

ANSI is a monthly index based on the last five days of the previous month Argus large cargo cif ARA assessments for propane, less a freight element which is set on an annual basis. This base level ANSI will be adjusted if the last five days average appears severely out of alignment with prevailing industry sentiment. The freight element is based on average time charter rates for mid-size cargoes on North Sea routes. The freight element change is announced in September and is applied from the October ANSI to the following September ANSI.

#### Butane

Prices are for the listed month.

ANSI is a monthly index based on the last five days of the previous month Argus large cargo cif ARA assessments for butane, less a freight element which is set on an annual basis. This base level ANSI will be adjusted if the last five days average appears severely out of alignment with prevailing industry sentiment. The freight element is based on average time charter rates for mid-size cargoes on North Sea routes. The freight element change is announced in September and is applied from the October ANSI to the following September ANSI.

### Sonatrach fob Bethioua

#### Propane

Official selling price of Sonatrach for propane for the listed month.

#### Butane

Official selling price of Sonatrach for butane for the listed month.

### Saudi Aramco

#### Propane

Official selling prices of Saudi Aramco for propane for the listed month.

#### Butane

Official selling prices of Saudi Aramco for butane for the listed month.

### KPC (Kuwait)

#### Propane

Official selling prices of Kuwait Petroleum Company for propane for the listed month.

#### Butane

Official selling prices of Kuwait Petroleum Company for butane for the listed month.

## Argus Middle East netback

#### Propane

The Argus Middle East netback is computed by subtracting the reported daily Ras Tanura-Chiba freight assessment for VLGC carriers from the Argus Far East Index for propane.

#### Butane

The Argus Middle East netback is computed by subtracting the reported daily Ras Tanura-Chiba freight assessment for VLGC carriers from the Argus Far East Index for butane.

## Naphtha

Argus International LPG includes several naphtha prices from other Argus publications.

- cif northwest Europe
- cif Mediterranean

See the [Argus European Products Methodology](#).

- cfr Japan
- fob Mideast Gulf

See the [Argus Asia-Pacific Products Methodology](#).

## LPG freight assessments

Argus International LPG includes several LPG freight rates from other Argus publications.

- VLGC Ras Tanura-Chiba
- 1,800t Tees-Lisbon
- 1,800t Tees-ARA

See the [Argus Freight Methodology](#).

- Propane VLGC Houston-Chiba
- Propane VLGC Houston-Flushing
- Handysize Houston-east coast Mexico

See the [Argus NGL Americas methodology](#).

## Northwest Europe and Mediterranean

Northwest Europe and Mediterranean bid and offer prices are rounded to the nearest 50¢/t. The midpoint of the bid and offer is rounded to the nearest 25¢/t.

All prices are assessed at 4.30pm London time.

### Propane

#### cif ARA (large cargoes)

##### The application of the market data to the methodology

Price identification is based primarily on reported transactions, bids and offers, and other market data.

In the case of the large cargo cif ARA propane assessment other market data will be derived from the forward curve for propane, or an assessment, at Argus' discretion, if the forward price data are unavailable.

Argus assesses a representative market value by constructing an average price for the period 10-20 days forward from 'on the day' market data.

In the absence of assessment-relevant trade, and in the event that only assessment-relevant bids or offers are available in the market at the time of assessment or if the spread between assessment-relevant orders is greater than \$6/t, Argus will typically include a \$6/t spread between bids and offers in the assessment process.

In these cases, Argus may narrow that default \$6/t spread for reasons including but not limited to the preservation of the accuracy and/or representativeness of the midpoint price or in consideration of other relevant market information.

Argus assesses the price in the following manner:

##### Transactions

The price of a large cargo transaction that can be standardised (in Argus' exclusive judgment) to the specifications published in the current ToT (10 days' notice of a three-day delivery window) contract and to any revisions of this contract as accepted by Argus, will be included in the assessment for the period of delivery.

All such transactions will be considered for inclusion in the price identification process.

Argus will make use of swaps market transactions to assist in the evaluation of the outright value of floating prices for deals, bids and offers.

Argus does not establish a minimum transaction data threshold as this would lead to unreliable and non-representative assessments.

The Argus LPG Bulletin Board displays trade details and is available to clients on the Argus website.

##### Transactions criteria for inclusion

The price is for a transaction:

- on the day
- standardised by Argus to the specifications published in the current ToT contract and to any revisions of this contract as accepted by Argus
- for any days wholly within the delivery period 10-20 days forward
- standardised to Flushing using the ToT freight matrix for cif basis ports of Flushing, Antwerp, Terneuzen, Canvey Island, Le Havre, Stenungsund, and ToT freight differential criteria for any alternative discharge port not listed in the matrix
- standardised to an average 20,500t on vessels ranging from 16,000-84,000m<sup>3</sup>
- with a minimum 50pc fixed price element, except in deals done on a naphtha-related basis
- concluded by 4:30pm London time

##### Bids and offers

Argus will include values from bids and offers in the following manner if unmatched bids are above or unmatched offers below the price of reported trade.

##### Bids and offers criteria for inclusion

The price is for a bid or offer:

- on the day;
- standardised by Argus to the specifications published in the current ToT contract for grade and quality and to any revisions of this contract as accepted by Argus;
- bids to have a minimum 5 day delivery range and offers to have a maximum 5 day delivery date range wholly within the 10-20 days forward delivery period;
- standardised to Flushing using the ToT freight matrix for cif basis ports of Flushing, Antwerp, Terneuzen, Canvey Island, Le Havre, Stenungsund, and ToT freight differential criteria for any alternative discharge port not listed in the matrix;
- standardised to an average 20,500t on vessels ranging from 16,000-84,000m<sup>3</sup>;
- with a minimum 50pc fixed price element except in deals done on a naphtha-related basis;
- that is firm and feasible (in the exclusive judgment of Argus);
- adjusted to a representative value using prevailing and relevant spreads (in the exclusive judgment of Argus).

The highest bids and lowest offers (adjusted to a representative value) prevailing at 4:30pm London time will be used to determine the values for inclusion.

##### fob northwest Europe (small)

**Size:** small cargoes (coasters) are up to 2,000t

**Basis:** fob northwest Europe

**Timing:** cargoes for lifting 3-15 days forward

**Specification:** the fob northwest Europe small cargo assessment is for pressurised vessels, up to 20pc olefins. Sulphur content of no more than 50ppm.

Floating-price trades will be considered for inclusion in the assessment after conversion to a fixed-price fob basis using the relevant published Argus price assessment on the day of trade and, if necessary, a freight differential to normalise cif trades to a fob northwest Europe basis.

#### cif ARA (small)

**Size:** small cargoes (coasters) are up to 2,000t

**Basis:** cif ARA

**Timing:** cargoes for delivery 3-15 days forward

**Specification:** the cif northwest Europe small cargo assessment is for pressurised vessels, up to 20pc olefins. Sulphur content of no more than 50ppm.

#### fob ARA (barge)

**Size:** barges are up to 1,300t

**Basis:** fob ARA

**Timing:** barges for lifting 2-10 days forward

**Specification:** the fob barge assessment is for pressurised vessels, up to 20pc olefins. Sulphur content of no more than 50ppm.

Floating-price trades will be considered for inclusion in the assessment after conversion to a fixed-price fob basis using the relevant published Argus price assessment on the day of trade and, if necessary, a freight differential to normalise cif trades to a fob ARA basis.

#### fca ARA (rail)

**Size:** rail is for 400-600t

**Basis:** fca (rail) ARA

**Timing:** railcars lifting 2-10 days forward

**Specification:** the fca (rail) ARA assessment includes commercial and ex-terminal material. Sulphur content of no more than 50ppm.

#### cif Mediterranean (large)

**Size:** large cargoes are 5,000-20,500t

**Basis:** cif Lavera

**Timing:** cargoes for delivery 3-15 days forward

**Specification:** the large cargo propane assessment is for field grade (95pc) propane, fully refrigerated.

#### fob Mediterranean (small)

**Size:** small cargoes (coasters) are up to 2,000t

**Basis:** fob Lavera

**Timing:** cargoes for lifting 3-15 days forward

**Specification:** the small cargo assessment is for commercial grade. Small cargo (coasters) are pressurised vessels.

#### fca Mediterranean (rail)

**Size:** rail is 400-600t

**Basis:** fca (rail) Lavera

**Timing:** railcars lifting 2-10 days forward

**Specification:** railcars are for commercial grade

### Propane averages

#### cif ARA large cargo

The Argus cif ARA large cargo assessment is the arithmetic average of the prices published every day in a month.

#### fob ARA barge

The Argus fob ARA barge assessment is the running average in which the last data point will be assumed to be the data point for the remaining days of the month.

### Butane

#### cif ARA (large cargoes)

**Size:** large butane cargoes are 7,000-12,000t

**Basis:** cif ARA

**Timing:** cargoes for delivery 10-25 days forward, eg: on 1 July the delivery period will be 11-26 July. Bids must have a minimum five-day delivery range and offers must have a maximum five-day delivery range wholly within the 10-25 days forward delivery period.

**Specification:** The large cargo butane assessment is for field grade mixed butane (minimum 20pc isobutane content) or normal butane, fully refrigerated. Sulphur content of no more than 50ppm.

Argus uses swaps market information to assist in assigning an outright value to floating-price bids offers and trades, and may also assess butane prices on a percentage of naphtha basis.

In the absence of outright price indications for physical cargoes, Argus may include in the assessment process butane swaps market information including transactions, bids and offers, if available.

In the absence of assessment-relevant trade, and in the event that only assessment-relevant bids or offers are available in the market at the time of assessment or if the spread between assessment-relevant orders is greater than \$6/t, Argus will typically include a \$6/t spread between bids and offers in the assessment process.

In these cases, Argus may narrow that default \$6/t spread for reasons including but not limited to the preservation of the accuracy and/or representativeness of the midpoint price or in consideration of other relevant market information.

#### fob northwest Europe (small)

**Size:** small cargoes (coasters) are up to 6,000t

**Basis:** fob northwest Europe

**Timing:** cargoes for lifting 3-15 days forward

**Specification:** the fob northwest Europe small cargo assessment is for pressurised vessels, up to 30pc olefins. Sulphur content of no more than 50ppm. Timestamp is 4:30pm London time.

#### cif ARA (small)

**Size:** small cargoes (coasters) are 1,800-2,500t

**Basis:** cif ARA

**Timing:** cargoes for delivery 3-15 days forward

**Specification:** the cif northwest Europe small cargo assessment is for pressurised vessels, up to 30pc olefins. Sulphur content of no more than 50ppm.

Floating-price trades will be considered for inclusion in the assessment after conversion to a fixed-price fob basis using the relevant published Argus price assessment on the day of trade.

### fob ARA (barge)

**Size:** barges are up to 1,200t

**Basis:** fob ARA

**Timing:** barges for lifting 2-10 days forward

**Specification:** the fob barge assessment is for pressurised vessels, up to 20pc olefins. Sulphur content of no more than 50ppm. Floating-price trades will be considered for inclusion in the assessment after conversion to a fixed-price fob basis using the relevant published Argus price assessment on the day of trade.

### fca ARA (rail)

**Size:** rail is for 400-600t

**Basis:** fca (rail) ARA

**Timing:** railcars lifting 2-10 days forward

**Specification:** the fca (rail) ARA assessment includes commercial and ex-terminal material. Sulphur content of no more than 50ppm.

### cif Mediterranean (large)

**Size:** large cargoes are 5,000-20,500t.

**Basis:** cif Lavera

**Timing:** cargoes for delivery 3-15 days forward

**Specification:** the large cargo butane assessment is for field grade mixed butane (minimum 20pc isobutane content), fully refrigerated.

### fob Mediterranean (small)

**Size:** small cargoes (coasters) are up to 2,000t

**Basis:** fob Lavera

**Timing:** for cargoes for lifting 3-15 days forward

**Specification:** small cargo assessments are for commercial grade. Small cargo (coasters) are pressurised vessels.

## Butane averages

### cif ARA large cargo

The Argus cif ARA large cargo assessment is the arithmetic average of the prices published every day in a month.

### fob ARA barge

The Argus fob ARA barge assessment is the running average in which the last data point will be assumed to be the data point for the remaining days of the month.

## Crude

### Argus North Sea Dated

Prices are in US dollars/barrel. See the [Argus Crude methodology](#).

### Ice Brent futures settlement

Prices are in US dollars/barrel. Prices are the settlement prices for the IntercontinentalExchange's Brent contract for three months forward.

## FSU

A full methodology for the FSU assessments published in Argus International LPG can be found in the [Argus Russian LPG and Condensate methodology](#).

### Argus International LPG includes prices for

- fob Black Sea propane
- fob Black Sea butane
- fob Black Sea propane-butane mix
- daf Brest propane-butane mix
- daf Brest propane
- daf Ukraine propane-butane mix.
- Argus daf Ukrainian-Romanian border propane-butane mix
- fot Burgas (Lukoil posted) propane-butane mix
- daf Bekabad propane-butane mix

### Argus Polish Domestic Index (APDI™) price:

**Basis:** fca Plock

**Specification:** the product contains on average 50pc propane and 50pc butane.

The APDI price is an assessment for the domestic Polish market calculated on deliveries to Poland from the ARA region through sea terminals and by rail from the eastern and former Soviet Union regions. The calculation is as follows:

$$APDI = [(ADB M * 65\% + ADB P * 10\% + (CAL + F) * 5\%) + (LOG / \$)] + 20\%OG / \$, \text{ where:}$$

- **ADB M** = average Argus daf Brest for mix
- **ADB P** = average Argus daf Brest for Propane
- **CAL** = average cif ARA for Propane
- **F** = sea freight from ARA to Stettin (is taken for 2016 as \$60/mt)
- **LOG** = total average logistics costs from daf and to Plock (is taken for 2016 as 190 PLN/t)
- **\$** = exchange rate PLN/USD
- **OG** = Orlen Gaz quotation (with 0 logistics cost)

Logistics and freight costs are revised on an annual basis.

## International swaps prices

### Propane northwest Europe

Swaps in northwest Europe are for 12 months, four quarters and one calendar year forward. The front month rolls on the first working day after the 15th of the month. Swap quarters roll on the first working day after the 15th of the second month of the quarter. Calendar year swaps roll on the first working day of the year. Timestamp is 4:15-4:30pm London time.

Prices for the first and/or second forward month, depending on which is used as the floating price component of physical trade, are calculated as a volume-weighted average of trade, rounded to the nearest 25¢/t, with a minimum 2,000t transaction size.

### Naphtha northwest Europe

Swaps in northwest Europe are for 12 months, four quarters and one calendar year forward. The front month rolls on the first working day after the 15th of the month. Swap quarters roll on the first working day after the 15th of the month before the start of the quarter. Calendar year swaps roll on the first working day of the year. Timestamp is 4.30pm London time.

### Propane CP Middle East

The minimum swap volume for the CP swaps is 1,000t. Propane contract price swaps are assessed twice each day, at a 5pm Singapore timestamp and a 4.30pm London timestamp.

Prices are assessed for three months of the Contract Price (CP) at the 5pm Singapore timestamp.

Prices are assessed for 12 months, four quarters and one calendar year of the Contract Price (CP) at the 4.30pm London timestamp.

The front month rolls on the first working day on which the new CP is available. For example, if the October CP is issued on 29 September, the swaps front month will roll from October to November that day. Swap quarters roll on the first working day on which the CP has been announced for two months of the quarter. Calendar year swaps roll on the first working day of the year.

### Argus Far East Index

The minimum swap volume for the Argus Far East Index swaps is 1,000t.

Argus Far East Index propane swaps prices are assessed twice each day, at a 5pm Singapore timestamp and a 4.30pm London timestamp.

Prices are assessed for three months of the Argus Far East Index at the 5pm Singapore timestamp.

Prices are assessed for 12 months, four quarters and one calendar year of the Argus Far East Index at the 4.30pm London timestamp.

The front month rolls on the first working day after the 15th of the month. Swap quarters roll on the first working day after the 15th of the second month of the quarter. Calendar year swaps roll on the first working day of the year.

### Mont Belvieu LST

Prices are in US dollars/tonne converted from US cents/gallon. Mont Belvieu propane swaps assessments are for 12 months, four quarters and one calendar year. The front month rolls on the first working day after the 15th of the month. Swap quarters roll on the first working day after the 15th of the second month of the quarter. Calendar year swaps roll on the first working day of the year. Timestamp is 4.30pm London time.

### Spreads

#### M1 diff to physical

Prices are in US dollars/tonne. This is the difference between the assessed physical or wet value and the front month swap.

- Cif ARA propane minus cif ARA propane swap
- Cif northwest Europe naphtha minus European naphtha swap
- Fob Middle East Gulf propane minus CP swap
- Argus Far East Index propane minus Argus Far East Index propane swap

- Mont Belvieu LST propane mean of high/low minus Mont Belvieu propane swap

### Propane-naphtha

Prices are in US dollars/tonne. The cif ARA propane swap minus the European naphtha swap.

### East-West

Prices are in US dollars/tonne. The Argus Far East Index propane swap minus the cif ARA propane swap.

### The Arb

Prices are in US dollars/tonne. The Mont Belvieu propane swap minus the cif ARA propane swap.

### Mont Belvieu-AFEI

Prices are in US dollars/tonne. The Mont Belvieu propane swap minus the Argus Far East Index propane swap.

### AFEI-CP

Prices are in US dollars/tonne. The Argus Far East Index propane swap minus the CP propane swap.

## Middle East and Asia-Pacific averages

### Middle East averages

#### Propane

The Argus Middle East fob average is the average of the spot premium for additional Saudi volumes trading out of Yanbu and Ras Tanura which is calculated on a monthly basis and which rolls on the 1st of the month. So on the 1st of January, Argus will begin quoting a cumulative average for January.

#### Butane

The Argus Middle East fob average is the average of the spot premium for additional Saudi volumes trading out of Yanbu and Ras Tanura which is calculated on a monthly basis and which rolls on the 1st of the month. So on the 1st of January, Argus will begin quoting a cumulative average for January.

### Argus Middle East Index averages

#### Propane

The Argus Middle East Index average is the average of propane spot prices trading out of the Mideast Gulf, which is calculated on a monthly basis and which rolls on the 1st of the month. So on the 1st of January, Argus will begin assessing a cumulative average for January.

#### Butane

The Argus Middle East Index average is the average of butane spot prices trading out of the Mideast Gulf, which is calculated on a monthly basis and which rolls on the 1st of the month. So on the 1st of January, Argus will begin assessing a cumulative average for January.

## Argus Far East Index

### Propane

The Argus Far East Index average is accumulated on a calendar month basis, rolling on the first working day of the month. For details of the Argus Far East Index methodology see page 13.

### Butane

The Argus Far East Index average is accumulated on a calendar month basis, rolling on the first working day of the month. For details of the Argus Far East Index methodology see page 15.

### 11+11 propane-butane mix

The 11+11 propane-butane mix average is accumulated on a calendar month basis, rolling on the first working day of the month. For details of the 11+11 propane-butane mix methodology see page 16.

## Asia-Pacific

All prices are assessed at 5pm Singapore time.

### Propane

#### Argus Middle East Index

**Timing:** period is the timing of lifting The Argus Middle East Index will roll from one month loading to the next on the 1st of the month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 45,000-47,000t cargoes

**Location:** loading at Ras Tanura, Yanbu, Ras Laffan, Ruwais, Das Island and Mina al Ahmadi

#### Gulf CP fob

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. The fob Mideast Gulf roll date from one month loading to the next will occur on the 1st of the month.

**Specification:** refrigerated cargoes are of field grade quality.

**Size:** 45,000-47,000t cargoes

**Location:** loading at Ras Tanura, Yanbu, Ras Laffan, Ruwais, Das Island and Mina Al Ahmadi

#### Japan CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr Japan (CP plus), the roll date from first-half month delivery to second-half month delivery will occur on the 10th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 25th of the previous month

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 22,000t cargoes

**Location:** for delivery to Kawasaki/Chiba (Japan)

#### Japan cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** for delivery to Kawasaki/Chiba (Japan)

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments.

The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

#### Taiwan CP cfr

**Timing:** Period is the timing of lifting or delivery. CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. For refrigerated cargoes cfr Taiwan (CP Plus), the roll date from first-half month delivery to second-half month delivery will occur on the 10th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 25th of the previous month.

**Specification:** refrigerated cargoes are of field grade quality.

**Size:** 22,000t cargoes

**Location:** for delivery to Kaohsiung (Taiwan)

#### East China CP cfr

**Timing:** period is the timing of lifting or delivery. CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. For refrigerated cargoes cfr China (CP Plus), the roll date from first-half month delivery to second-half month delivery will occur on the 25th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 10th of the month.

**Specification:** refrigerated cargoes are of field grade quality.

**Size:** 22,000t cargoes

**Location:** for delivery into Shanghai and Taicang in the Jiangsu Province for east China

#### East China cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** for delivery into Shanghai and Taicang in the Jiangsu Province of east China.

**Timing:** 25-40 days from the publication date

In recent years, it has become common for participants in the Asian CFR market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments.

The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### South China CP cfr

**Timing:** Period is the timing of lifting or delivery. CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. For refrigerated cargoes cfr China (CP Plus) the roll date from first-half month delivery to second-half month delivery will occur on the 25th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 10th of the month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 22,000t cargoes

**Location:** for delivery into Shenzhen and Zhuhai in the Guangdong Province for south China

### South China cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** for delivery into Shenzhen and Zhuhai in the Guangdong Province of south China

**Timing:** the assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments.

The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### Argus Far East Index (propane)

The Argus Far East Index is the average of the Argus Japan cfr propane quotation and the Argus South China cfr propane quotation. No minimum data transaction threshold exists as this is the average of other assessments.

For the purposes of assessing the Far East Index for propane Argus establishes a viable buy-sell range at the timestamp. To accomplish this, Argus considers a wide range of information, including bids and offers, transactions, informed market views and the performance of other related markets.

Market information may not be consistent regarding prevailing price levels so if contradictory information regarding a viable buy-sell range is in the market Argus will give the greatest weight to deals for cargoes that conform to Argus' published specification done in the run up to the timestamp (currently 5:00pm Singapore time). For inclusion in the FEI, deals must be judged by Argus to be repeatable and representative.

All bids, offers and deals to be included for Argus assessment are to conform to Gingga standard terms.

For the purpose of the Argus Far East Index assessment, the south China cfr price that makes up 50pc of the AFEI assessment is set at parity to the Japan cfr price assessment. This is in line with current industry practice as China purchases do not conform to the standard traded contract in the region, which is currently the Gingga contract. Argus will keep under review the standard traded contract terms for the region and institute amendments to the AFEI methodology as and when necessary.

Bid and offers must be firm, made in the open market, not subject to special conditions and be valid for a period of time during which a deal could reasonably be transacted. Similarly if a firm bid and/or offer is made after a deal but before the timestamp, Argus will consider this bid and/or offer if it is found to be representative. This bid and/or offer may be viewed by Argus as being more representative of the market at the timestamp than a single non-repeatable deal and may be used as the basis for the price assessment. In the absence of any firm bids and/or offers, Argus shall use inputs from its regular market surveys, plus any other inputs from brokers, market participants or market portals, to establish a valid buy-sell range. This buy-sell range shall be determined using informed market opinions and other indicators judged by Argus to be indicative of market values.

Argus will review swaps and other derivatives markets with an eye toward determining forward market structure and direction. Argus will also refer to the swaps markets to evaluate the outright value of floating prices deals that are reported.

### Market structure

The Argus LPG assessments are for cargoes delivered to destination ports 25-40 days forward from the date of assessments. It is usual that part of this assessment period would be determined by market prices for one delivery period, and another part would be determined

by different delivery period. In such cases, Argus will pro-rate the values of the relevant delivery periods. A spreadsheet detailing these inputs is available on a daily basis from Argus on request.

A significant volume of the LPG trade in the eastern LPG markets consists of mixed cargoes that include approximately 11,000t each of propane and butane. These cargoes typically are traded at a single price representing the value of both components.

In the absence of market indicators for 23,000t cargoes of propane or butane, Argus will include 11,000t + 11,000t (known as 11-11) deals and bid/offer ranges in its assessments. This means that the midpoint value of 11-11 deals will be used and an informed consensus differential between propane and butane prices used to calculate individual propane and butane values from the 11,000t + 11,000t midpoint value.

If there is any discrepancy between 23,000t and mixed cargoes then the 23,000t price will set the Argus price quotation for 23,000t propane and 23,000t butane.

## Butane

### Argus Asia-Pacific butane assessments

Argus will assess 22,000t butane prices in the following manner. During the periods of time when butane demand from the petrochemical sector is absent, Argus will assess butane prices as a price differential against propane prices, with the differential being obtained based on an informed consensus.

Such a price differential can be obtained through a variety of channels. This includes deriving from 11+11 quotes where a midpoint value of 11+11 is being used in combination with an informed consensus price spread between propane and butane, to derive butane values.

During the periods of time when butane demand from the petrochemical sector prevails, Argus may assess butane prices based on an economic relationship to naphtha prices.

### Argus Middle East Index

**Timing:** period is the timing of lifting. The Argus Middle East Index will roll from one month loading to the next on the 1st of the month

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 45,000-47,000t cargoes

**Location:** loading at Ras Tanura, Yanbu, Ras Laffan, Ruwais, Das Island and Mina al Ahmadi

### Gulf CP fob

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. The fob Mideast Gulf roll date from one month loading to the next will occur on the 1st of the month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 45,000-47,000t cargoes

**Location:** loading at Ras Tanura, Yanbu, Ras Laffan, Ruwais, Das Island and Mina al Ahmadi

### Japan CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr Japan (CP plus), the roll date from first-half month delivery to second-half month delivery will occur on the 10th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 25th of the previous month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 22,000t cargoes

**Location:** for delivery to Kawasaki/Chiba (Japan)

### Japan cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** for delivery into Kawasaki/Chiba (Japan)

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments. The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### Taiwan CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr Taiwan (CP Plus), the roll date from first-half month delivery to second-half month delivery will occur on the 10th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 25th of the previous month.

**Specification:** Refrigerated cargoes are of field grade quality.

**Size:** 22,000t cargoes for delivery to Kaohsiung (Taiwan)

### East China CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr China (CP Plus), the roll date from first-half month delivery to second-half month delivery will

occur on the 25th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 10th of the month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** cfr east China are for 22,000t cargoes

**Location:** for delivery into Shanghai and Taicang in the Jiangsu Province for east China

### East China cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** delivery into Shanghai and Taicang in the Jiangsu Province of east China

**Timing:** 25-40 days from the publication date

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments. The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### South China CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr China (CP Plus), the roll date from first-half month delivery to second-half month delivery will occur on the 25th of the previous month. The roll date from second-half month delivery to first-half month delivery will occur on the 10th of the month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 22,000t cargoes

**Location:** for delivery into Shenzhen and Zhuhai in the Guangdong province for south China

### South China cfr

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 23,000t cargoes

**Location:** for delivery into Shenzhen and Zhuhai in the Guangdong province of south China

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments. The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### West coast India CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For refrigerated cargoes cfr India (CP Plus), the roll date from one month delivery to the next will occur on the 25th of the previous month.

**Specification:** refrigerated cargoes are of field grade quality

**Size:** 10,000-15,000t cargoes

**Location:** for delivery into Kandla and Mangalore on the west coast of India

### Argus Far East Index (butane)

The Argus Far East Index is the average of the Argus Japan cfr butane assessment and the Argus South China cfr butane assessment. No minimum data transaction threshold exists as this is the average of other assessments.

For the purposes of assessing the Far East Index for butane, Argus establishes a viable buy-sell range at the timestamp. To accomplish this, Argus considers a wide range of information, including bids and offers, transactions, informed market views and the performance of other related markets.

Market information may not be consistent regarding prevailing price levels so if contradictory information regarding a viable buy-sell range is in the market Argus will give the greatest weight to deals for cargoes that conform to Argus' published specification done in the run up to the timestamp. For inclusion in the FEI, deals must be judged by Argus to be repeatable and representative.

All bids, offers and deals to be included for Argus assessment are to conform to Ginga standard terms.

For the purpose of the Argus Far East Index assessment, the south China cfr price that makes up 50pc of the AFEI assessment is set at parity to the Japan cfr price assessment. This is in line with current industry practice as China purchases do not conform to the standard traded contract in the region, which is currently the Ginga contract. Argus will keep under review the standard traded contract terms for the region and institute amendments to the AFEI methodology as and when necessary.

Bid and offers must be firm, made in the open market, not subject to special conditions and be valid for a period of time during which

a deal could reasonably be transacted. Similarly if a firm bid and/or offer is made after a deal but before the timestamp, Argus will consider this bid and/or offer if it is found to be representative. This bid and/or offer may be viewed by Argus as being more representative of the market at the timestamp than a single non-repeatable deal and may be used as the basis for the price assessment. In the absence of any firm bids and/or offers, Argus shall use inputs from its regular market surveys, plus any other inputs from brokers, market participants or market portals, to establish a valid buy-sell range. This buy-sell range shall be determined using informed market opinions and other indicators judged by Argus to be indicative of market values.

Argus will review swaps and other derivatives markets with an eye toward determining forward market structure and direction. Argus will also refer to the swaps markets to evaluate the outright value of floating prices deals that are reported.

### Market structure

The Argus LPG assessments are for cargoes delivered to destination ports 25-40 days forward from the date of assessments. It is usual that part of this assessment period would be determined by market prices for one delivery period, and another part would be determined by different delivery period. In such cases, Argus will pro-rate the values of the relevant delivery periods. A spreadsheet detailing these inputs is available on a daily basis from Argus on request.

A significant volume of the LPG trade in the eastern LPG markets consists of mixed cargoes that include approximately 11,000t each of propane and butane. These cargoes typically are traded at a single price representing the value of both components.

In the absence of market indicators for 23,000t cargoes of propane or butane, Argus will include 11,000t + 11,000t (known as 11-11) deals and bid/offer ranges in its assessments. This means that the midpoint value of 11-11 deals will be used and an informed consensus differential between propane and butane prices used to calculate individual propane and butane values from the 11,000t + 11,000t midpoint value.

If there is any discrepancy between 23,000t and mixed cargoes then the 23,000t price will set the Argus price quotation for 23,000t propane and 23,000t butane.

### 11+11 propane-butane mix

Argus also publishes two mixed cargo quotations of 11,000t propane and 11,000t butane (11-11). One quotation is basis cfr Japan and the other cfr south China.

Argus will use a similar methodology as described above to establish a buy-sell range for these two quotes. Argus will consider a wide range of information, including bids and offers, transactions, informed market views and the performance of other related markets. Market information may not be consistent regarding prevailing price levels so if contradictory information regarding a viable buy-sell

range is in the market Argus will give the greatest weight to deals for cargoes that conform to Argus' published specification done in the run up to the timestamp. For inclusion in the mixed cargo quotes, deals must be judged by Argus to be repeatable and representative.

Bid and offers must be firm, made in the open market, not subject to special conditions and be valid for a period of time during which a deal could reasonably be transacted. Similarly if a firm bid and/or offer is made after a deal but before the timestamp, Argus will consider this bid and/or offer if it is found to be representative. This bid and/or offer may be viewed by Argus as being more representative of the market at the timestamp than a single non-repeatable deal and may be used as the basis for the price assessment. In the absence of any firm bids and/or offers, Argus shall use inputs from its regular market surveys, plus any other inputs from brokers, market participants or market portals, to establish a valid buy-sell range. This buy-sell range shall be determined using informed market opinions and other indicators judged by Argus to be indicative of market values.

### Japan cfr

**Specification:** refrigerated cargoes are of field grade quality. Prices are for a single, mixed cargo.

**Size:** 23,000t cargoes divided equally between propane and butane

**Location:** for delivery into Kawasaki/Chiba (Japan)

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments.

The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

### South China cfr

**Specification:** refrigerated cargoes are of field grade quality. Prices are for a single, mixed cargo.

**Size:** 23,000t cargoes divided equally between propane and butane

**Location:** for delivery into Shenzhen and Zhuhai in the Guangdong province of south China

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half month delivery period within the 25-40 day forward period.

In recent years, it has become common for participants in the Asian cfr market to transact deals that include both a fixed price and floating price component. For example, deals that are a 50:50 average of the Far East Index and a fixed price, are common. In such cases, Argus will use a variety of techniques to determine the value of the deal so that it can be considered in Argus' assessments.

The techniques include examining the forward structure of the LPG swaps market, considering the value of the fixed portion of the deal and using other analytical techniques employed by the industry to derive a fair value for the deal. Argus will use these techniques as appropriate to derive a representative value for deals that are priced on a fixed/floating price basis and consider such deals as warranted in its assessments.

#### Argus South China cfr Index (propane and butane)

**Specification:** refrigerated cargoes are as per original supplier's guaranteed specification

**Size:** 15,000-23,000t cargoes

**Location:** for delivery into the Pearl River delta (Guangzhou, Zhuhai and Dongguan) of Guangdong province

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for the 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half-month delivery period within the 25-40 day forward period.

The South China cfr assessment considers cargoes of worldwide origin, including Iran. The assessment considers bids, offers and deals for a laycan of a minimum of five days within the 25-40 day forward period and a laytime of up to 48 hours for one safe port. The vessel arrival draught shall not exceed 11.5m and the vessel age shall not exceed 25 years. Payment for the cargo is to be made within 20 days from the vessel's tendered Notice of Readiness (NOR).

#### Argus East China cfr Index (propane and butane)

**Specification:** refrigerated cargoes are as per original supplier's guaranteed specification

**Size:** 15,000-23,000t cargoes

**Location:** for delivery into Ningbo, in Zhejiang province

The assessment is an average price for the period 25-40 days from the publication date. Argus will make a price assessment for each of the days in the 25-40 day forward period taking into account the price structure of the physical market. Physical prices are discussed in the market for different delivery periods in the 25-40 day forward period. The delivery periods are usually discussed as the first half and the second half of the month. So the Argus assessment for the 25-40 day forward period, should prices be flat for each of these delivery periods, will be proportionate to the number of days for each half-month delivery period within the 25-40 day forward period.

The East China cfr assessment considers cargoes of worldwide origin, including Iran. The assessment considers bids, offers and deals for a laycan of a minimum of five days within the 25-40 day forward period and a laytime of up to 48 hours for one safe port. The vessel arrival draught shall not exceed 11.5m and the vessel age shall not exceed 25 years. Payment for the cargo is to be made within 20 days from the vessel's tendered Notice of Readiness (NOR).

#### Propane pressurised

##### South China CP fob

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For pressurised cargoes (CP plus), the roll date from one month loading to the next will occur on the 20th of the previous month.

**Size:** 1,500-2,500t

**Location:** for loading from Zhuhai, Shenzhen and Dongguan, south China

**Specification:** pressurised cargoes are for deliveries of propane from 30-50:50-70 propane:butane cargoes.

##### South China fob

**Size:** 1,500-2,500t

**Location:** loading from Zhuhai, Shenzhen and Dongguan, south China

**Timing:** for pressurised cargoes fob, the loading window is 5-20 days from the date of publication.

**Specification:** pressurised cargoes are for deliveries of propane from 30-50:50-70 propane:butane cargoes

##### South China CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For pressurised cargoes cfr the delivery window is 7-15 days from the date of publication. For pressurised cargoes (CP plus), the roll date from one month delivery to the next will occur on the 20th of the previous month.

**Size:** 1,500 to 2,500t

**Location:** for delivery into Zhuhai and Sherkou, south China

**Specification:** pressurised cargoes are for deliveries of propane from either 20:80 or 30:70 propane:butane cargoes

##### South China cfr

**Size:** 1,500-2,500t

**Location:** delivery into Zhuhai and Sherkou, south China

**Timing:** for pressurised cargoes cfr, the delivery window is 12-20 days from the date of publication

**Specification:** pressurised cargoes are for deliveries of propane from either 20:80 or 30:70 propane:butane cargoes

### Vietnam CP cfr

**Size:** 1,000-2,500t

**Location:** for delivery into Hai Phong, north Vietnam

**Timing:** the delivery window is 12-20 days from the date of publication

**Specification:** Pressurised cargoes are for deliveries of 30-50:50-70 propane:butane cargoes. For pressurised cargoes (CP plus), the roll date from one month delivery to the next will occur on the 15th of the previous month

### Butane pressurised

#### South China CP fob

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery For pressurised cargoes (CP plus), the roll date from one month loading to the next will occur on the 20th of the previous month.

**Size:** 1,500-2,500t

**Location:** for delivery from Zhuhai, Shenzhen and Dongguan, outh China.

**Specification:** pressurised cargoes are for deliveries of butane from 30-50:50-70 propane:butane cargoes.

#### South China fob

**Size:** 1,500-2,500t

**Location:** for loading from Zhuhai, Shenzhen and Dongguan, south China

**Timing:** for pressurised cargoes fob, the loading window is 5-20 days from the date of publication.

**Specification:** pressurised cargoes are for deliveries of butane from 30-50:50-70 propane:butane cargoes

#### South China CP cfr

**Timing:** CP basis is the month's CP (Saudi Contract Price) that is the underlying price for the CP differential. Period is the timing of lifting or delivery. For pressurised cargoes cfr, the delivery window is 7-15 days from the date of publication. For pressurised cargoes (CP plus), the roll date from one month delivery to the next will occur on the 20th of the previous month

**Size:** 1,500-2,500t size

**Location:** for delivery into Zhuhai and Sherkou, south China

**Specification:** pressurised cargoes are for deliveries of butane from either 20:80 or 30:70 propane:butane cargoes

#### South China cfr

**Size:** 1,500-2,500t

**Location:** for delivery into Zhuhai and Sherkou, south China

**Timing:** for pressurised cargoes cfr, the delivery window is 12-20 days from the date of publication

**Specification:** pressurised cargoes are for deliveries of butane from either 20:80 or 30:70 propane:butane cargoes

### Vietnam CP cfr

**Size:** 1,000-2,500t

**Location:** for delivery into Hai Phong, north Vietnam

**Timing:** for pressurised cargoes cfr, the delivery window is 12-20 days from the date of publication. For pressurised cargoes (CP plus), the roll date from one month delivery to the next will occur on the 15th of the previous month

**Specification:** pressurised cargoes are for deliveries of 30-50:50-70 propane:butane cargoes.

### China wholesale propane/butane mix

Prices are published in yuan/tonne. Specification is propane-butane mix.

#### East China

##### Ex-terminal

- Ningbo
- Wenzhou
- Taicang
- Shanghai
- Zhangjiagang
- Fujian

##### Ex refinery

- Shanghai
- Zhenhai
- Yangzi
- Fujian
- Gaoqiao
- Qingdao

#### South China

##### Ex terminal

- Zhuhai
- Shenzhen
- Raoping
- Nansha
- Shantou
- Yangjiang

##### Ex refinery

- Maoming
- Guangzhou

#### Northeast China

##### Ex refinery

- Daqing
- Dalian

## Northwest China

### Ex refinery

- Urumuqi

## Inland China

### Ex refinery

- Lanzhou
- Yan-An

## Africa LPG indexes

### South Africa LPG index

Prices are in US dollars/tonne. The South Africa LPG index is the calculated value of LPG cargoes delivered to Richards Bay, South Africa, including logistics costs and the underlying prices of propane and butane exported from the Middle East.

Calculated as the Argus Middle East Index for propane and butane in a ratio of 60:40, plus freight from Ras Tanura to Richards Bay, the cost of bunker fuel, port and brokerage fees and ship-to-ship transfer costs.

#### Calculation components:

*All calculation components are updated daily, unless specified.*

Propane Argus Middle East Index

Butane Argus Middle East Index

Fuel oil bunker 380cst Fujairah (\$/t) – see the [Argus Asia-Pacific Products methodology](#).

USD/ZAR exchange rate – sourced by Argus at 11am London time. When unavailable owing to a London holiday, the last available rate is used.

Time-charter rate for 35,000-38,000m<sup>3</sup> vessels – basis 12 months (updated weekly). Argus updates this rate weekly, in consultation with the market.

South Africa flat port fee – updated annually, on or around 1 April by Transnet National Ports Authority. Port fees are subject to VAT.

South Africa daily port fee – updated annually, on or around 1 April by Transnet National Ports Authority. Port fees are subject to VAT.

Ras Tanura port fees – according to the Kingdom of Saudi Arabia General Corporation of Ports

Ship-to-ship transfer cost – updated at least annually on or around 1 April, in consultation with the market.

The resulting delivered South Africa LPG Index is published daily according to the Singapore publishing schedule. Argus also publishes a month-to-date average of the index.

### Butane, delivered west Africa

Prices are in US dollars/tonne. The butane, delivered west Africa assessment is the calculated value of butane cargoes delivered to Lagos, Nigeria, and is calculated as the lowest of two derived values.

### Northwest Europe butane delivered west Africa

Calculated as the Argus cif ARA large cargo butane price assessment plus a weekly assessment of freight and an annual assessment of other logistics costs for the Rotterdam-Lagos route.

### US Gulf coast butane delivered west Africa

Calculated as the Argus USGC butane fob price assessment plus a weekly assessment of freight and an annual assessment of other logistics costs for the Houston-Lagos route.

See the [NGL Americas methodology](#) for the description of the USGC butane price assessment.

### LPG 15:85 delivered east Africa

Prices are in US dollars/tonne. The LPG 15:85 delivered east Africa assessment is the calculated value of a mixed cargo of propane and butane delivered to Mombasa, Kenya, and is calculated as the weighted sum of two derived values.

Propane delivered east Africa \* 0.15 + butane delivered east Africa \* 0.85

### Propane delivered east Africa

Calculated as the Propane Argus Middle East Index plus a weekly assessment of freight and an annual assessment of other logistics costs for the Ras Tanura-Mombasa route.

### Butane delivered east Africa

Calculated as the Butane Argus Middle East Index plus a weekly assessment of freight and an annual assessment of other logistics costs for the Ras Tanura-Mombasa route.

### Timing

Indexes are calculated and published daily, except on days when Singapore, London or US price assessments are not produced.

## Americas

A full methodology for the Americas assessments published in Argus International LPG can be found in the [Argus NGL Americas methodology](#).

### Mont Belvieu pipeline fob

#### Enterprise

- Propane
- Propane equivalent (\$/t): prices are in US dollars/tonne. The conversion factor is 522.3 USG/t
- Butane
- Butane equivalent (\$/t): prices are in US dollars/tonne. The conversion factor is 453 USG/t
- Purity ethane
- Purity ethane \$/t equivalent: prices are in US dollars/tonne. The conversion factor is 737.99 USG/t
- Ethane-propane mix
- Isobutane

- Natural gasoline
- USGC export fob, diff to Mont Belvieu
- USGC export fob (\$/t)

**LST**

- Propane
- Butane

**Targa**

- Propane
- Purity Ethane

**US Enterprise averages**

- Propane
- Butane

**US forward market****Mont Belvieu**

The Mont Belvieu propane and butane forward curves are the value of the swap futures markets at the time of the Nymex close, typically 2:30pm New York time. The bid is the highest available bid. The offer is the lowest available offer. The mean is the midpoint of the two.

**LNG assessments**

Argus International LPG includes a weekly northwest Europe small-scale LNG free on truck price assessment, published on Thursday in energy (€/MWh) and tonnes of propane equivalent (\$/t propane equivalent).

See the [Argus LNG Daily methodology](#) for details.

The conversion to tonnes of propane equivalent is based on a propane energy content of 50.4MJ/kg.