

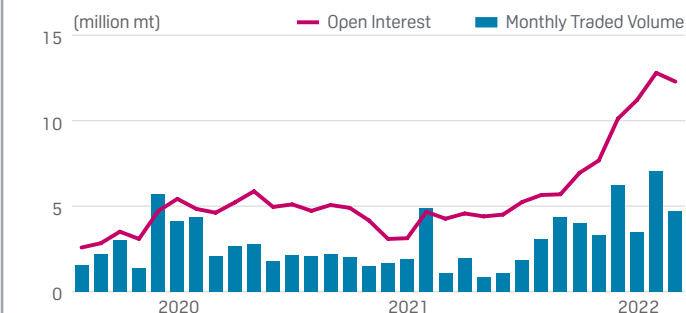
May 2022

# Platts Benchmark Aframax 70kt US Gulf Coast-UK Continent Freight FAQ

## What is the Platts Aframax 70kt USGC-UKC freight benchmark published by S&P Global Commodity Insights?

- Daily freight assessment launched March 1, 2018
- Reflects cost of carrying 70,000 mt of non-heated crude on the US Gulf Coast-UK Continent route in a dirty average-lifting Aframax tanker
- Freight assessed in both traded Worldscale points and calculated US\$/mt
- US\$/mt spot value based on underlying customized flat rate freight basket of three load port-disport combinations, representative of actual trade flow
- Reflects loadings from US Gulf Coast ports, including Corpus Christi, Houston, Port Arthur (Nederland) and discharge at Rotterdam (Netherlands) and Fawley (United Kingdom)
- Forward Freight Agreement contracts on route with settlement against Platts \$/mt assessments (Code: TDUCF00) launched by Intercontinental Exchange (Code: WDE) Sept. 1, 2018, CME (Code: USE) on Feb. 19, 2019

## FFA INTEREST FOR AFRAMAX 70KT USGC-UK CONTINENT CONTRACT RISING



Source: Intercontinental Exchange, CME Group

## What is Platts methodology for the physical Aframax USGC-UKC freight assessment?

The assessment reflects the transactable value of chartering an average-lifting Aframax tanker at 01:30 pm Houston time, a timing aligned with the close of major US exchanges.

Transactable values include confirmed trades, bids, offers and market indications from shipbrokers, shipowners and charterers.

The assessment is based on double-hull tankers up to 15 years of age, loading five to 20 days from date of assessment, with rates for transactable values outside this window normalized, depending on market conditions.

Transactable values for replacement tonnage are normalized to reflect non-replacement fixture values, depending on market conditions.

## Which size tonnage is reflected in Platts Aframax USGC-UKC assessments?

The assessment reflects average-lifting Aframax tonnage, including tankers of 108,000 dwt to 112,000 dwt.

Transactable values for small- and heavy-lifting Aframax tonnage are normalized to values reflective of average-lifting tonnage, depending on market conditions.

## What is the underlying annual flat rate basket?

S&P Global determines the equivalent \$/mt freight rate based on a customized basket of Worldscale flat rates reflecting actual trade flow between the loading and the discharge regions specified in the assessment. The flat rate basket used to derive the \$/mt value for the Aframax USGC-UKC route is as follows:

Load	Discharge port
Houston	Rotterdam
Corpus Christi	Rotterdam
Nederland	Fawley

For 2022, the annual flat rate basket average rate has been \$18.72/mt.

## How do Worldscale Association flat rate changes affect Platts annual flat rate basket rates?

The Worldscale flat rates are published each year by the Worldscale Association and S&P Global reflects the new annual flat rates on the first publication day in the new year. From time to time, the Worldscale Association publishes revisions to these flat rates in its circulars. S&P Global reviews these changes with the industry for possible inclusion into Platts freight calculations. S&P Global will update the market of any such changes through a published subscriber note, notifying subscribers ahead of the implementation of any change. S&P Global tends to implement any change on the first of a calendar month, in order to keep monthly averages

unaffected by a change. No change will be initiated without informing the market in a subscriber note prior to that change.

### What is Platts derivatives freight assessment methodology?

S&P Global launched Platts Aframax 70,000 mt USGC-UKC freight derivative assessments for balance month, current month and three forward months on Nov. 1, 2021, to provide further transparency to the USGC crude export and freight markets.

The balance-month and current-month derivatives are assessed from the first, up to and including the 15th of each month. The three forward-month contracts are assessed on every publication day in the month and roll on the first publication day of each month.

All contract months are financially settled against Platts 70,000 mt USGC-UKC spot freight assessments (Platts price database code TDUCF00) as follows:

- Balance-month contract settles on every remaining publishing day of the month, including the day of publication;
- Current-month contract settles on every publishing day of the current month;
- Three forward-month contracts settle on every publishing day in the month and these roll on the first publishing day of each month.

All assessments reflect a minimum volume of 1,000 mt and are published in Worldscale points as well as US dollars per mt.

The assessments reflect the transactable value of the contracts at 01:30 pm Houston time, aligned with the close of major US exchanges.

Transactable values include trades, bids, offers and market indications from Forward Freight Agreement brokers.

### Where are the assessments published?

Physical spot market assessments are published in the Dirty Tankerwire, on Platts Global Alert page PGT1962, PGT1963 and Platts Shipping Alert page SHP2430,

SHP2431 using the following symbols:

Assessment:	Code:
Dirty USGC-UK Continent Aframax 70kt WSC	TDUCG00
Dirty USGC-UK Continent Aframax 70kt WSC Mavg	TDUCG03
Dirty USGC-UK Continent Aframax 70kt \$/mt	TDUCF00
Dirty USGC-UK Continent Aframax 70kt \$/mt Mavg	TDUCF03
Dirty USGC-UK Continent Aframax 70kt cargo size	TDUCFSZ

Derivative assessments are published in the Dirty Tankerwire, on Platts Global Alert page PGT1990 and Platts Shipping Alert page SHP2432, using the following symbols:

Assessment:	Code:
Dirty USGC-UK Continent Aframax BalMo \$/mt	TDUCI00
Dirty USGC-UK Continent Aframax BalMo WSC	TDUCH00
Dirty USGC-UK Continent Aframax Current Month \$/mt	TDUCK00
Dirty USGC-UK Continent Aframax Current Month WSC	TDUCJ00
Dirty USGC-UK Continent Aframax Mo01 \$/mt	TDUCM01
Dirty USGC-UK Continent Aframax Mo01 WSC	TDUDM01
Dirty USGC-UK Continent Aframax Mo02 \$/mt	TDUCM02
Dirty USGC-UK Continent Aframax Mo02 WSC	TDUDM02
Dirty USGC-UK Continent Aframax Mo03 \$/mt	TDUCM03
Dirty USGC-UK Continent Aframax Mo03 WSC	TDUDM03
Dirty USGC-UK Continent Aframax Flat Basket Rate	TDUCR00

### What are S&P Global Commodity Insights and Platts?

S&P Global Commodity Insights is the commodity arm of the parent company S&P Global, which publishes Platts price assessments. S&P Global is an independent provider of energy and commodities information, and is the primary source of benchmark price assessments in the physical commodity markets along with in-depth analytics. For over 100 years S&P Global has brought clarity and transparency to the commodities markets.

S&P Global provides real-time news, market reports, analytics, price assessments and fundamental data for market participants across the world. S&P Global provides key pricing information across the oil, natural gas, LNG, electric power, petrochemicals, metals, agriculture and shipping markets.

S&P Global is the leading provider of bunker fuel benchmarks. These fuel prices are used in the lion's share of marine contracts across the world. S&P Global have 0.5% sulfur marine fuel assessments at ports across the world, with futures on the key ports which have associated future contracts with the Intercontinental Exchange (ICE) and with the CME Group.

For more information, please visit our website at [www.spglobal.com/commodityinsights](http://www.spglobal.com/commodityinsights), or reach out to the team via email at [tankers@spglobal.com](mailto:tankers@spglobal.com).

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