

# AZERI LIGHT FOB CRUDE ASSESSMENTS

## *Why is Platts assessing new Azeri Light FOB crude assessments and normalizing its' Platts CIF Augusta Azeri assessment to reflect Ceyhan quality crude oil?*

The loading location of Azeri Light crude oil, be it in the Black Sea or the Mediterranean, changes the specifications of the crude. Azeri Light that loads from the Mediterranean port of Ceyhan typically has a higher API and lower sulphur content than the same crude loading out of the Black Sea ports of Supsa and Batumi. As such, many refiners will value Azeri crude loading from the two different locations differently.

An additional sweet crude stream from Kazakhstan joins the Baku-Tbilisi-Ceyhan (BTC) Pipeline after the Ceyhan and Supsa/Batumi lines split, altering the makeup of the blend that emerges at Ceyhan. Significantly greater volumes of Azeri crude load from Ceyhan each month than out of Supsa and Batumi combined, and its location in the Mediterranean makes it less subject to weather related shipping delays in the Bosphorus Straits between the Black Sea and the Mediterranean. Ceyhan loading Azeri crude is the most liquid of the three, as well as the grade that most frequently finds its way to the refining hub in the central Mediterranean, the basis for Platts' CIF assessment.

The two new Platts Azeri Light FOB crude assessments will represent a freight netback to the Turkish port of Ceyhan from the port of Augusta in the Italian Islands, the basis port for Platts Azeri Light CIF assessment. This assessment itself will be normalized to reflect the quality of Azeri crude that loads from Ceyhan.

Platts is constantly looking to expand and refine its coverage across relevant sectors, and these new Platts assessments provide a robust and transparent view to the Azeri Light crude market in the Mediterranean. The addition of these two assessments will reinforce Platts' commitment to providing greater market understanding, real time news and analysis and more insightful and relevant information to its subscribers.

## *What new assessments is Platts publishing?*

Platts started publishing daily values for two new Azeri Light FOB Assessments on January 2, 2014. These new assessments complement Platts' previous coverage of the Azeri Light cargo and pipeline market in the Mediterranean and Black Sea.

Platts Azeri Lt FOB Cey assessments are published as a freight netback to the port of Ceyhan, Turkey. The primary CIF assessment is taken from the Platts Azeri Lt CIF assessment, basis Augusta.

### **Platts Azeri Lt FOB Cey**

This assessment reflects a 135,000 mt Suezmax cargo and uses Ceyhan-Augusta Suezmax freight rates, which are published as a cross-Mediterranean rate by the Platts Shipping team each day in Platts Dirty Tankerwire.

### **Platts Azeri Lt Fob Cey 80kt**

This assessment reflects an 80,000 mt Aframax cargo and uses Ceyhan-Augusta Aframax freight rates, which are published as a cross-Mediterranean rate by the Platts Shipping team each day in Platts Dirty Tankerwire.

The original Platts Azeri Lt FOB and Platts Azeri Lt FOB 80kt freight netback assessments will continue to reflect freight netbacks for both 80,000 mt and 135,000 mt cargoes loading out of Supsa/Batumi in the Black Sea, using Black Sea-Mediterranean Aframax and Suezmax rates. The FOB BTC Assessment will continue to reflect the average of the FOB Ceyhan 80,000 mt and 135,000 mt assessments, given that the FOB program is comprised of both Aframax and Suezmax sized parcels.

### *What specifications and physical logistics define these new assessments?*

Azeri Light is a high quality and well-balanced light, sweet crude that has a high yield of middle distillates and light-end products. Its buyers are varied throughout Europe, and Azeri Light finds its way to both Asian and US homes too.

The specifications of these new assessments are the same as the Platts Azeri Light CIF grade already assessed and a representation of the most recent specifications can be found at:

[www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf)

The standard size of these cargoes range between 600,000 barrels and 1,000,000 barrels.

### *What methodology will define the new Platts Azeri Light assessments?*

Platts has changed its assessment methodology for the Azeri Light CIF cargo market to reflect Ceyhan quality Azeri crude loading 10-30 days forward, when it had previously reflected a Supsa quality barrel. Platts will normalize any Azeri crude shown in the Platts Market on Close assessment process to reflect Ceyhan quality.

Platts Azeri Lt CIF assessment, which underpins the two new FOB assessments, is bolstered by Platts' rigorous and well-defined Market on Close assessment process. Platts reflects cargo bids and offers that are submitted in full to Platts before 15.45 London time. The prices of these bids and offers may be adjusted at a rate of a maximum increment of \$0.05/barrel at a minimum increment of one minute. The last price change must be submitted to Platts ahead of 16.25.00 London time. Platts' assessments reflect value at 16:30 London time precisely.

More information on the timing guidelines that underpin the MOC process can be found at:

[www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Oil-timing-increment-guidelines.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Oil-timing-increment-guidelines.pdf)

Platts' freight assessments, which contribute to the two new FOB assessments, are determined by a thorough survey of open market rates each day for the chartering of dirty tankers, clean tankers and barges on routes all over the world. Dirty tankers are defined as those carrying crude, fuel oil or other "dirty" products such as vacuum gasoil or dirty condensate.

### *Where are Platts Azeri Light crude assessments published?*

Platts Azeri Light crude assessments are published through Platts Global Alert, a real-time price and news service, as well as in Platts Crude Oil Marketwire and Platts Oilgram Price Report, which are daily newsletters that provide detailed market information on global crude oil prices, trade updates, market commentary and analysis, futures settlement prices and much more. The assessments can also be found on Platts Global Alert pages 1222 and 1250.

The following Platts codes will enable subscribers to locate the new assessments:

Assessment	Code	Mavg
Platts Azeri Light BTC FOB Ceyhan	AAUFM00	AAUFM03
Platts Azeri Light BTC FOB Ceyhan vs BTC Dated Brent Strip	AAUFN00	AAUFN03
Platts Azeri Light BTC FOB Ceyhan 80KT	AAUFK00	AAUFK03
Platts Azeri Light BTC FOB Ceyhan 80KT vs BTC Dated Brent Strip	AAUFL00	AAUFL03

### *Where can I find more information on Platts Azeri Light crude assessment methodology?*

More about Platts European and African crude methodology and specifications can be found at:

[www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf](http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/Crude-oil-methodology.pdf)

## *What are the benefits of using Platts Azeri Light crude assessments?*

- Platts is a respected market leader in publishing robust price information, including transparent bids, offers, deals and market-moving news in real-time and as they are verified.
- Platts is price-neutral and assesses the actual, tradeable value for physical Azeri Light crude cargoes every single trading day.
- Platts editors cover a wide variety of oil markets and regions, and the resulting cross-region and cross-sector understanding and expertise translates into comprehensive information for our subscribers.
- Platts is completely independent.
- Platts Dubai and Platts Dated Brent assessments are recognized by the global oil industry as benchmarks against which other oil grades and refined products are referenced.



FOR MORE INFORMATION, PLEASE CONTACT THE PLATTS SALES OFFICE NEAREST YOU:

Web [www.platts.com](http://www.platts.com)  
E-mail [support@platts.com](mailto:support@platts.com)

NORTH AMERICA  
+1-800-PLATTS8 (toll-free)  
+1-212-904-3070 (direct)

EMEA  
+44-(0)20-7176-6111

LATIN AMERICA  
+54-11-4121-4810

ASIA-PACIFIC  
+65-6530-6430

RUSSIA  
+7-495-783-4141