

October 2019

# 10-day rolling average for the cross-UKC 80kt Aframax assessment

## GENERAL OVERVIEW

Platts cross-UKC 80,000 mt dirty tanker assessment reflects Worldscale freight on the UK Continent to UK Continent Aframax route. It is published under code PFAKD10 in Platts pricing database, on the PGA-MH1960 fixed page and in the Dirty Tankerwire publication. Platts has been assessing it since September 1, 1994.

Platts started publishing the 10-day rolling freight average (RFA) of the Dirty Cross-UK Continent 80,000 mt Worldscale assessment as of September 2, 2019. This assessment will be reflected in the Dated Brent crude oil benchmark through the Freight Adjustment Factor (FAF) to adjust CIF Rotterdam offers from October 1, 2019.

Platts is publishing Worldscale RFA on the day before the applicable crude Platts Market on Close assessment process to ensure the freight factor is fully known before the North Sea crude oil assessment process begins. This is based on its 10 previous assessments of the Dirty Cross-UK/Continent 80,000 mt freight. It appears under the code TDUUW00 in the pricing database and on the PGA-MH1960 fixed page.

## ASSESSMENT METHODOLOGY EXPLAINED

### Cross-UKC 80,000 mt WS assessment

- Reflects the transactable value of chartering a vessel at 16:30 London time;
- Based on double-hull vessels up to 15 years of age;
- Laycan window of 7-25 days applies to this assessment. It is a general window for all Platts EMEA Aframax assessments. Rates of cargoes outside this window are normalized, depending on market conditions and are checked on individual basis;

- Reflects general region-to-region Worldscale tradeable rate and NOT based on any specific \$/mt Worldscale flat rate;
- UK Continent region: Bilbao to Hamburg, plus southern Sweden and western Norway;
- Rate pegs from market sources like shipbrokers, shipowners and charterers as well as reported fixtures, bids and offers are all considered in the daily assessment.

### 10-day rolling freight average (RFA)

- Worldscale RFA assessment is based on the 10 last Worldscale assessments of the Dirty Cross-UKC 80,000 mt route, including the current freight assessment day. It appears under the code TDUUW00 in the pricing database and on the PGA-MH1960 fixed page.
- Published the day before the applicable crude Platts Market on Close assessment process. For example, Worldscale RFA published on Wednesday, October 8, 2019, would be used in the Freight Adjustment Factor for Thursday, October 9, to adjust CIF Rotterdam offers for that day.

### Freight Adjustment Factor (FAF) and \$/mt RFA assessments

Worldscale RFA is applied against five \$/mt Worldscale flat rates, representing each of the Rotterdam delivered Dated Brent grades:

1. Brent (Sullom Voe-Rotterdam) - 2019 value: \$8.68/mt
2. Forties (Hound Point-Rotterdam) - 2019 value: \$5.86/mt
3. Ekofisk (Teeside-Rotterdam) - 2019 value: \$4.71/mt
4. Oseberg (Sture-Rotterdam) - 2019 value: \$5.75/mt
5. Troll (Mongstad-Rotterdam) - 2019 value: \$5.78/mt

Formula:  $WS\ RFA \times flat\ rate / 100$



Calculation Example for Teeside-Rotterdam (24-Sep-2019):

$$110.75 \times 4.71 / 100 = \$5.22/\text{mt}$$

As a result, five \$/mt RFA values are published on the fixed page PGA - MH1960 and in the Platts pricing database under the following codes:

RFA assessment	Code	24-Sep-2019 (\$/mt)
Sullom Voe-Rotterdam	TDSVR00	9.61
Hound Point-Rotterdam	TDHPR00	6.49
Teesside-Rotterdam	TDTER00	5.22
Sture-Rotterdam	TDSTR00	6.37
Mongstad-Rotterdam	TDMGR00	6.40

\$/mt RFA assessments then feed into \$/b FAF, which is used to adjust CIF Rotterdam offers for each of the respective grades in the Dated Brent crude oil benchmark.

### Daily \$/mt cross-UKC 80,000 mt assessment and difference from \$/mt RFA

Platts also publishes a daily \$/mt cross-UKC assessment, which appears in the Platts pricing database under the code TDACD00, on the fixed page PGA - MH1960 and in Dirty Tankerwire.

- Produced by applying the cross-UKC 80,000 mt daily Worldscale assessment to an average of a basket of Worldscale flat rates.
- The current basket consists of: Sullom Voe-Rotterdam, Mongstad-Le Havre and Flotta-Rotterdam flat rates. The basket average value for 2019 is \$7.65/mt

Formula: WS x flat rate basket average/100

Calculation Example (September 24, 2019):

$$125 \times 7.65 / 100 = \$9.56/\text{mt}$$

- This assessment will NOT be used in FAF for CIF Rotterdam offers and will NOT be included in the Dated Brent assessment.
- The basket of flat rates does NOT represent the basis for the cross-UKC 80,000 mt index, which is assessed as region-to-region.

For more information, please refer to the Platts freight methodology guide at <https://www.spglobal.com/platts> or email [tankers@spglobal.com](mailto:tankers@spglobal.com).

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