

FAQ: PLATTS FOB SINGAPORE GASOIL

What changes is S&P Global Platts making to its gasoil assessments in Asia and the Middle East?

In December 2016, S&P Global Platts announced it will lower the sulfur specification of its flagship Singapore and FOB Arab Gulf Gasoil assessments to 10 ppm from the current 500 ppm from January 2, 2018. The lower sulfur specifications reflect changing supply and demand trends across the regions, as well as the fact that global waterborne diesel trade is now predominantly maximum 10 ppm, known as ultra-low sulfur diesel.

Why is S&P Global Platts changing the amount of sulfur reflected in its benchmarks?

The shift to ultra-low sulfur diesel for the benchmark reflects the change in demand and supply trend across the region in recent years. Asia countries are progressively lowering the sulfur content in motor fuels like gasoil in the region. More countries are expected to move to ULSD over the next five years, amid environmental reasons. Globally, both Europe and the US consume and trade ultra-low sulfur diesel in both regions, extensively.

What will flagship Singapore Gasoil assessment reflect on January 2, 2018?

The assessment named simply as "Gasoil" will reflect 10 ppm sulfur gasoil on January 2, 2018. S&P Global Platts will continue to publish the assessment currently named 10 ppm FOB Singapore assessment (AAOVCO0), which will also continue to reflect cargoes with 10 ppm sulfur gasoil.

Will I be able to bid or offer floating values for physical gasoil cargoes on a 0.05%S gasoil basis after the switch to 10 ppm in January 2, 2018?

The flagship "FOB Singapore Gasoil" physical and the MOPS Strip assessments published will reflect 10 ppm sulfur gasoil with effect from January 2018. From that time, S&P Global Platts will no longer publish any bid or offer reflecting 500 ppm sulfur as the underlying pricing basis during the S&P Global Platts Market On Close process.

What other gasoil sulfur grades will S&P Global Platts assess in 2018?

After the change, S&P Global Platts will assess four different grades of gasoil in Singapore: 0.25% (2,500 parts per million of sulfur), 500ppm, 50ppm, and 10ppm. Please note that the "FOB Singapore Gasoil 500 ppm" (AAFEX00) assessment contains a full history of data for that single grade. Similarly,

the "FOB Singapore Gasoil 10 ppm" assessment contains full history for a single grade. In contrast, the "FOB Singapore Gasoil" assessment reflects the history of the benchmark grade covering periods of 0.5 sulfur, 500 ppm and (in the future) 10 ppm.

How will FOB Arab Gulf gasoil and other related assessments be affected?

From January 2, 2018, Platts FOB Singapore, FOB Arab Gulf, FOB Arab Gulf LR2 and FOB Korea Gasoil assessments will begin to reflect maximum 10 ppm sulfur. The following assessments and codes will be affected:

Assessment	Code
FOB Singapore Gasoil	POABC00
FOB Arab Gulf Gasoil	POAAT00
FOB Arab Gulf LR2 Gasoil	AAKBT00
FOB Korea Gasoil	POAIE00

S&P Global Platts will also assess differentials and strips in these markets basis gasoil with maximum 10 ppm sulfur.

Note that Platts C+F Japan Gasoil assessment already reflects maximum 10 ppm sulfur gasoil.

Will the changeover affect spot trades pricing in 2018 or only those trades executed in 2018?

The "Gasoil" assessment will reflect spot trading of cargoes containing 500 ppm (and trading) up until the final publishing day of 2017. From the first publishing day of 2018, the assessment will reflect spot trading of cargoes containing 10 ppm sulfur.

Will gasoil grades be assessed as differentials using the changes made to the sulfur benchmark?

All existing grades of gasoil will continue to be assessed by S&P Global Platts on an outright price basis, and as a differential to Mean of Platts Singapore (MOPS) values for "Gasoil". After the change, differentials to MOPS Gasoil will reflect differentials to 10 ppm sulfur gasoil.

What are the current specifications for the various sulfur grades that S&P Global Platts assesses?

A full description of all S&P Global Platts oil products assessments specifications is available on the S&P Global Platts website, at: <http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/asiaoilproductspecs.pdf>



How will the change in sulfur specification affect related financial derivatives trades?

S&P Global Platts recognizes the implication of lowering the sulfur limit to a lower sulfur gasoil on over the counter (OTC) derivative market trading. S&P Global Platts will continue to assess 500 ppm sulfur gasoil from January 2, 2018 onwards as a separate grade.

Will there be other pricing alternatives for financial derivatives trades that involve calendar year due to the sulfur change?

Buyers and sellers may of their own accord mutually agree alternative methods to settle their financial derivative contract arrangements that involve the calendar year of the change. S&P Global Platts stresses the need for buyers and

sellers of these financial derivatives to communicate the underlining sulfur requirements clearly before committing to a derivative trade.

Where can I find more information about the changing sulfur levels in gasoil in Asia?

In August 2016, S&P Global Platts published a White Paper reviewing important issues regarding the evolution of its assessments in Asia towards cleaner fuel standards. The guide also addresses commonly asked questions about S&P Global Platts' Singapore gasoil assessments, and can be found online.

This link must be pasted in full into the browser to see the paper: <https://www.platts.com/IM.Platts.Content/InsightAnalysis/IndustrySolutionPapers/SR-asia-gasoil-benchmarks-evolution-082016.pdf>.

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