METHODOLOGY AND SPECIFICATIONS GUIDE

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ARGUS ASIA-PACIFIC REFINED PRODUCTS FORWARD CURVES

Contents:

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The most up-to-date Argus Asia-Pacific Refined Products Forward Curves methodology is available on
www.argusmedia.com

Methodology overview

Argus Asia-Pacific Refined Products Forward Curves deliver daily assessments of forward prices for refined products in Asia-Pacific.

Argus forward curves provide an independent view of forward prices, informed by a variety of data sources for both liquid and illiquid markets. Argus forward curves are not intended to be "predictive" and do not represent a forecast of what a commodity will be worth in future physical prompt markets. Refined products prices are expressed as outright values, as well as differentials to Ice Brent, Dubai crude swaps, and other refined products.

Definitions

Argus assesses forward physical prices at some locations and forward financial prices at others.

Forward physical prices reflect the market's valuation of a standard volume of the named commodity delivered during the named period. For location and quality specifications, see Argus Asia-Pacific Products methodology.

Forward financial prices reflect the market value of a named swap settling during the named month. Swaps ultimately settle against an average of multiple price assessments published daily during the named period.

Timing

All prices are timestamped 16:30 Singapore time.

Source data

Argus uses transactions, bids and offers, locational spreads and time spreads to derive forward prices. Market information is gathered from numerous sources, including brokers, traders, and mid and back offices of energy companies. Information that Argus cannot validate may be excluded from the assessment process. Transactions executed, bids placed and offers made after the settlement time for the respective basis instrument are not normally considered for that day's assessments.

Means of assessment

Argus assesses each market at the midpoint of bid-offer spreads where possible. If the bid-offer spread is unusually wide by historic standards, Argus may assess the market elsewhere within the bid-offer range. If no bid-offer spread exists, Argus may base its assessment on the latest validated transaction. Argus may ignore transactions if they fall outside the bid-offer range prevailing at the Singapore close, are above a prevailing offer, or are below a prevailing bid. Argus may use conversion, box, and strip transactions to inform its assessments.

In the absence of bid, offer, and transactional data, Argus will assess a market on the basis of its relationship to a more liquid market, so long as that relationship shows a historical r2 correlation of over 90pc. Relationships are rechecked for a 90pc r2 correlation at least every two weeks. Argus may assess the illiquid market by:

- Applying the historic spread between the two markets to its assessment of the liquid market
- Applying the liquid market's day-on-day change to the price at which it assessed the illiquid market on the last business day

If, on a given day, Argus publishes Asia-Pacific Refined Products Forward Curves but not its Argus Asia-Pacific Products report, differentials published in Asia-Pacific Refined Products Forward Curves will be unchanged compared with the last business day.

Currency and units of assessment

Assessments are made in US dollars per barrel ($/bl) or US dollars per metric tonne ($/t).

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.

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. 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 arms length transactions (please see the Argus Global Compliance Policy for a detailed definition of arms length).

Updates to methodology

Argus methodologies are constantly updated and revised. The latest available methodology (which may supersede the one you are reading) is available at www.argusmedia.com.

Included forward series

Refined products Asia fixed price

Prices are published for 36 months, 9 quarters, balance-of-the-year and two forward calendar years.

- Butane AFEI ($/t)
- Propane AFEI ($/t)
- Butane Saudi CP swap ($/t)
- Propane Saudi CP swap ($/t)
- Fuel oil bunker 0.5% 380cst Zhoushan ($/t)
- Fuel oil HS 180 cst Singapore swap ($/t)
- Fuel oil HS 380 cst Japan ($/t)
- Fuel oil HS 380 cst Singapore swap ($/t)
- Fuel oil HS 380 cst South Korea ($/t)
- Fuel oil HS 380 cst Fujairah ($/t)
- Gasoil 0.001% Singapore ($/bl)
- Gasoil 0.005% Singapore ($/bl)
- Gasoil 0.25% Singapore ($/bl)
- Gasoil 0.50% Singapore ($/bl)
- Gasoil Singapore swap ($/bl)
- Gasoline 92r Singapore ($/bl)
- Gasoline 95r Singapore ($/bl)
- Gasoline 97r Singapore ($/bl)
- Jet fuel Singapore swap ($/bl)
- Naphtha Japan swap ($/t)
- Naphtha Singapore swap ($/bl)
- Singapore HS 380 cst fuel oil bunker delivered ($/t)
- Singapore LSFO 0.5% bunker delivered ($/t)
- Singapore MGO 0.1% bunker delivered ($/t)

Refined products Asia differential

Prices are published for 36 months, 9 quarters, balance-of-the-year and two forward calendar years as differentials to the named basis price.

- Fuel oil bunker 0.5%S 380cst Zhoushan as a differential to Ice Gasoil ARA (Singapore close) ($/t)
- Fuel oil HS 180 cst Singapore swap as a differential to fuel oil HS 380 cst Singapore swap ($/t)
- Gasoil 0.001% Singapore as a differential to gasoil 0.50% Singapore ($/bl)
- Gasoil Singapore swap as a differential to jet fuel Singapore swap ($/bl)
- Gasoline 95r Singapore as a differential to gasoline 92r Singapore ($/bl)
- Gasoline 97r Singapore as a differential to gasoline 95r Singapore ($/bl)
- Naphtha Japan swap as a differential to naphtha Singapore swap
- Singapore HS 380 cst fuel oil bunker delivered as a differential to fuel oil HS 380 cst Singapore swap ($/t)
- Singapore LSFO 0.5% bunker delivered as a differential to Ice Gasoil ARA (Singapore close) ($/t)
- Singapore MGO 0.1% bunker delivered as a differential to Ice Gasoil ARA (Singapore close) ($/t)

Refined products Asia crack spread

Prices are published based on Dubai swaps and Ice Brent futures (Singapore close). Prices based on Dubai swaps are published for 34 months, 9 quarters, balance-of-the-year and two forward calendar years. Prices based on Ice Brent futures are published for 35 months, 9 quarters, balance-of-the-year and two forward calendar years.

- Fuel oil HS 180 cst Singapore swap ($/bl)
- Fuel oil HS 380 cst Singapore swap ($/bl)
- Gasoil 0.001% Singapore ($/bl)
- Gasoil 0.005% Singapore ($/bl)
- Gasoil 0.25% Singapore ($/bl)
- Gasoil 0.50% Singapore ($/bl)
- Gasoil Singapore swap ($/bl)
- Gasoline 92r Singapore ($/bl)
- Gasoline 95r Singapore ($/bl)
- Gasoline 97r Singapore ($/bl)
- Ice gasoil ARA (Singapore close) ($/bl)
- Jet fuel Singapore swap ($/bl)
- Naphtha Japan swap ($/bl)
- Naphtha Singapore swap ($/bl)