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***ARGUS LNG DAILY***

***LAST UPDATED: APRIL 2012***

The most up-to-date Argus LNG Daily methodology is available on [www.argusmedia.com](http://www.argusmedia.com)

## Introduction

Argus LNG Daily is a daily market and news report on the global LNG market.

The report covers the major, traded LNG markets, and produces assessments for these markets.

## Methodology

Argus LNG Daily is published every UK working day. A complete schedule of publication is available at [www.argusmedia.com](http://www.argusmedia.com). On Singapore holidays, Asian prices will be excluded from the LNG Daily report. On UK holidays, Asian prices will be distributed electronically the same day, and European prices will not be assessed.

Price assessments are based on two elements — a survey of market participants' view of prevailing prices, bids and offers; and an average of confirmed trades. The final price determined for the day is an average of the survey result and the trade value.

Argus applies editorial judgement to these surveys and will exclude prices that appear to be outside the consensus of the market. The daily survey of market participants maintains a balance between buyers, sellers, trading companies and brokers.

Argus publishes prices that report and reflect prevailing levels for open-market arm's length transactions (please see the Argus Global Compliance Policy for a detailed definition of arm's length).

Information on transactions, bids and offers that lie outside the delivery and cargo size specifications outlined below will be normalised and taken into account, but information that lies within the listed specifications of the assessment will be given more weight.

**Unit:** Argus LNG price assessments are published in \$/mn Btu.

**Cargo size:** Standard 138,000-155,000m<sup>3</sup> vessels. Transactions for tankers outside of the specified range — smaller vessels below 138,000m<sup>3</sup> and larger Q-Flex (210,000m<sup>3</sup>) and Q-Max (260,000m<sup>3</sup>) tankers — will be included in the assessment only after normalisation to the standard cargo size.

## Argus LNG spot assessments timing

Each calendar month is divided into two halves, which roll on the first and sixteenth day of the month, with the exception of February, which rolls on the first and fifteenth of the month.

Asia-Pacific LNG prices are assessed for three forward half-month periods each day. The first assessment covers cargoes traded for delivery (DES) during the third full half-month from the date of assessment, the second assessment period covers the fourth full half-month from the date of assessment, and the third covers the fifth full half-month from the date of assessment (see tables, right).

European LNG prices are assessed for two half-month periods each day, covering cargoes traded for delivery (DES) during the

Generic forward period description		
Time periods	European assessments	Asia-Pacific assessments
Date of assessment (current half month)		
First half-month forward		
Second half-month forward	Second half-month forward	
Third half-month forward	Third half-month forward	Third half-month forward
Fourth half-month forward		Fourth half-month forward
Fifth half-month forward		Fifth half-month forward

Example: 10 April 2012		
Time periods	European assessments	Asia-Pacific assessments
10 Apr (1-15 Apr)		
16-30 Apr		
1-15 May	Second half-month forward	
16-31 May	Third half-month forward	Third half-month forward
1-15 Jun		Fourth half-month forward
16-30 Jun		Fifth half-month forward

second and third full half-months from the date of assessment (see tables above).

In the case of Asia-Pacific, any deals reported for delivery before the third half-month forward and after the fifth half-month forward will not normally be included.

In the case of Europe, any deals reported for delivery before the second half-month forward and after the third half-month forward will not normally be included.

**Timestamp for Asian assessments:** Bids, offers and trades assessed throughout the day up until and including 4:30pm, Singapore time/5:30pm, Japan time.

**Timestamp for European assessments:** Bids, offers and trades assessed throughout the day up until and including 4:30pm, UK time.

## Asian markets covered

### Northeast Asia DES (Delivered Ex Ship Japan/South Korea/Taiwan)

**Ports:**

**Japan:** Futtsu, Chita, Chita-Midorihama, Kawagoe, Higashi-Niigata, Sakai, Sakaide. Shimizu-Sodeshi, Yokkaichi, Yanai, Mizushima, Higashi-Ogishima, Ogishima, Sodegaura, Negishi, Himeji, Senboku, Tobata, and Oita

**South Korea:** Incheon, Pyongtaek, Gwangyang, Tongyeong

**Taiwan:** Yung An and Taichung

### China DES

**Ports:** Guangdong, Fujian, Shanghai, Jiangsu, Dalian

## India DES

**Ports:** Hazira, Dahej, Dabhol

### European markets covered

#### Northwest Europe DES (Delivered Ex Ship UK, Belgium, Netherlands, France)

**Ports:**

**UK:** Isle of Grain, Milford Haven

**Belgium:** Zeebrugge

**Netherlands:** Rotterdam

**France:** Montoir

#### Iberian Peninsula DES (Delivered Ex Ship Spain, Portugal)

**Ports:**

**Spain:** Barcelona, Cartagena, Huelva, Bilbao, Sagunto, Mugaros

**Portugal:** Sines

## Italy DES

**Ports:** Rovigo

## Greece DES

**Ports:** Revythoussa

## Turkey DES

**Ports:** Marmara, Aliaga

### FOB/netback calculations

In the absence of liquidity for cargoes sold on an FOB basis in the spot market, Argus has calculated a netback based on daily spot LNG vessel chartering rates and accompanying shipping related costs. These additional costs include:

- Daily spot LNG vessel chartering rates for east and west of Suez voyages based on 138,000-155,000m<sup>3</sup> standard size vessel.
- A daily boil-off rate of 0.15pc based on 98pc vessel capacity utilisation.
- An average 50pc of fuel consumption based on daily bunker consumption of 150t based on local rates.
- An average of 50pc of LNG fuel consumption based on the boil-off rate.
- Voyage times based on a laden leg speed of 19.5 knots
- Suez Canal costs, where applicable

## FOB Middle East/netback timing:

Netbacks are calculated based on Argus' assessments for Asia-Pacific and Europe DES and FOB Western Australia markets.

Netbacks based on Asia-Pacific DES and Western Australia FOB assessments are calculated using the assessment for the third full half-month from the date of assessment. Netbacks based on Europe DES assessments are calculated using the assessment for the second full half-month from the date of assessment.

### Generic forward period description

Time periods/basis of netback prices	Europe DES	Asia-Pacific DES/FOB Western Australia
Date of assessment (current half month)		
First half-month forward		
Second half-month forward	Second half-month forward	
Third half-month forward		Third half-month forward
Fourth half-month forward		
Fifth half-month forward		

### Example: 10 April 2012

Time periods/basis of netback prices	Europe DES	Asia-Pacific DES/FOB Western Australia
10 Apr (1-15 Apr)		
16-30 Apr		
1-15 May	Second half-month forward	
16-31 May		Third half-month forward
1-15 Jun		
16-30 Jun		