

# Argus and O.M.R.

Consultation on methodology changes related to the integration of Argus and O.M.R. services



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London/Kellinghusen, 30 March (Argus O.M.R.) — Argus acquired O.M.R. OIL MARKET REPORT GmbH in April 2019. Following extensive discussions with market participants, Argus and O.M.R. propose merging Argus German Fuels (Argus Handel) and O.M.R.'s Inland Price Assessments into a single report and online service carrying prices produced according to both methodologies at the start of 2021.

Further integration of Argus and O.M.R. will occur as we combine the activities of our journalists into one team. That group will continue to produce low, high and volume-weighted average price assessments, offering the market a choice of pricing methodology to use in term contracts.

### Timing

To provide sufficient opportunity for market participants to comment on these proposals and to plan for 2021 contract negotiations, Argus O.M.R. is initiating a formal consultation on specific changes to the O.M.R. low/high price assessment methodology, and to align the geographic definition of O.M.R. and Argus regions to make the components of the integrated Argus O.M.R. service more consistent.

Argus O.M.R. will accept comments on this proposal until 30 April 2020 and will publish the outcome of this formal consultation in May 2020.

Pending the outcome of this formal consultation on the Argus O.M.R. proposal, Argus will change the geographic definition of regions in the Argus German Fuels and O.M.R. methodologies in June 2020 and the overarching integration of Argus O.M.R. will occur in January 2021.

To discuss comments on this proposal, please contact Hagen Reiners or Kevin Schaefer at [Hagen.Reiners@argusmedia.com](mailto:Hagen.Reiners@argusmedia.com) or [Kevin.Schaefer@argusmedia.com](mailto:Kevin.Schaefer@argusmedia.com). Formal comments should be marked as such and may be submitted via email to [germanfuels@argusmedia.com](mailto:germanfuels@argusmedia.com) or by post to Kevin Schaefer, Argus Media Germany GmbH, Hauptstraße 12, D-25548 Kellinghusen and received by 30 April 2020. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

### Transactions in the low/high assessment process

O.M.R. low/high price assessments are currently based on reported offer prices and list prices received via email. Under this proposal, Argus O.M.R. would primarily base its low/high price assessments on reported transactions, using reported offers only when liquidity is low.

Argus has been collecting transaction data from the German downstream market for heating oil, diesel and gasoline since 2014 and now receives several hundred transactions from a growing number of market participants every day. Argus editors and reporters test the data to identify and remove outliers or other anomalous trades, after which the resulting set of data is used in the production of the Argus volume-weighted average price assessments published in Argus German Fuels.

Under this proposal, that cleaned trade data would also form the basis of the low/high Argus O.M.R. assessments.

The high price would be the highest price at which 90m<sup>3</sup> of heating oil and diesel and 30m<sup>3</sup> of E5 gasoline had traded in the relevant location and the low price would be the lowest price at which 90m<sup>3</sup> of heating oil and diesel and 30m<sup>3</sup> of E5 gasoline had traded in the relevant location. If either the high or low traded price did not trade in at least 90m<sup>3</sup> or 30m<sup>3</sup>, Argus O.M.R. would construct a volume-weighted average of the highest-priced or lowest-priced trades whose total aggregate volume meets the 90m<sup>3</sup> or 30m<sup>3</sup> threshold.

If less than 500m<sup>3</sup> of total volume is reported for a given assessment or fewer than six parties report transactions, Argus O.M.R. reporters may also take offers into account in constructing the published low/high assessment.

Argus O.M.R. would continue to publish the midpoint price for each region as the mean of the low/high assessment. Under this proposal, Argus O.M.R. would cease publication of the existing Argus low and high prices, which are simply the lowest and highest reported trade for a region.

### Effect on published prices

Argus O.M.R. expects that this change will result in prices that more accurately the range of prices in which product traded over the course of the day. It is also expected that published prices may be lower than under an offer-based methodology because the day's highest offers are not always traded in sufficient volume to be representative of the market as a whole.

Under this proposal, sample data will be made available on request, but Argus O.M.R. will not provide two contemporaneous sets of low/high prices to avoid the possibility of confusion.

### Transactions and the Intraday Price Prisma

To preserve the relevance and utility of the Prisma indications, Argus O.M.R. proposes to incorporate trade information in their creation. Under this proposal, the Prisma indications would incorporate trade information in a similar way to the proposed end-of-day low/high methodology.

Although increasingly common, not all market participants can report trades to us throughout the day. Accordingly, Argus O.M.R. editors would continue to survey market participants for both order and trade prices to inform the Prisma indications.

### Assessment and Intraday Price Prisma timing

Because of the incorporation of trade data in the Prisma process, Argus O.M.R. proposes to amend the timing of the pricing periods to capture the widest array of market information. At present, O.M.R. conducts three survey rounds, the first from 10:15 to 11:30, the second from 13:15 to 14:30 and the third from 15:45 to 17:00 (15:15 to 16:30 on Friday). Under this proposal, Argus O.M.R. would advance the end times of those three survey periods, which would serve as cut-off times for information to be considered in the Prisma or end-of-day price assessments. Accordingly, information received until 11:15 would be included in the first Prisma assessment, information received until 14:15 would be included in the second Prisma assessment, and information received up to 16:45 (16:15 on Fridays) would be included in the end-of-day assessment. Argus O.M.R. editors and reporters will continue to contact market participants by telephone and electronically throughout the day.

### Regional alignment

Argus and O.M.R. have historically produced prices according to slightly different regional definitions. Under this proposal, pricing regions would fully align, and low/high and volume-weighted average price assessments will be produced for:

- North - Hamburg
- West - Duisburg, Gelsenkirchen, Essen
- Cologne Bay - Cologne, Cologne-Godorf, Wesseling
- Rhein-Main - Frankfurt base with Flörsheim, Raunheim, Gustavsburg, Hanau, Aschaffenburg
- Southeast - Cunnersdorf, Gera, Hartmannsdorf, Leuna, Rhäsa, Thüringen (Lederhose)
- Southwest - Karlsruhe
- South - Ingolstadt, Vohburg, Neustadt
- Magdeburg - Magdeburg
- Seefeld-Schwedt - Seefeld, PCK Schwedt
- East - Berlin
- Emsland – Lingen, Osnabrück, Münster

Under this proposal, Argus O.M.R. would cease the Argus assessments for Munich.

### Volume-weighted averages become vDIP

To more clearly differentiate the various types of assessments published by Argus O.M.R., the current set of Argus volume-weighted average price assessments will be renamed “vDIP Argus O.M.R.”. The methodology governing those prices would not change.

### Standardising 98 Ron and E10 assessments

Both Argus and O.M.R. publish price assessments in the less liquid 98 Ron and E10 markets based on differentials to the more active trade in E5 gasoline. Under this proposal, both low/high and vDIP assessments will use a single assessment of a national consensus differential, as currently reported in Argus German Fuels to E5 for 98 Ron and E10 gasoline, which would then be applied to regional E5 low/high and vDIP assessments to produce outright regional 98 Ron and E10 gasoline prices.

### Conclusion

Argus O.M.R. seeks market feedback to guide the ongoing integration of Argus and O.M.R. coverage. The above proposal was developed following extensive informal consultation with market participants, but we acknowledge that there remain differing views and appreciate feedback both for and against this proposal.

Thank you very much for your response to this consultation. We look forward to working with you on bringing more transparency to the German downstream market.

Best regards,

**Kevin Schaefer**  
Managing Director

**Hagen Reiners**  
Editor- German Fuels