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ARGUS EUROPEAN REFINED PRODUCTS FORWARD CURVES

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

Methodology overview

Argus European Refined Products Forward Curves deliver daily assessments of forward refined products prices across Europe.

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 refined products will be worth in future physical prompt markets.

Prices are expressed as outright values and as differentials to the Ice Low Sulphur Gasoil Futures Contract.

Definitions and curve length

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

Forward physical prices reflect the market value of a standard volume of a refined product delivered ratably over the corresponding month. For more information on Argus’ editorial processes, policies and procedures, as well as detailed specifications on the physical indexes underlying the forward contracts, see the [Argus European Products methodology](#).

Forward financial prices reflect the market value of a named swap settling during the named month. Swaps settle against the average of values of the underlying benchmark published during the named period. Each assessment that settles the swap will reflect the value of refined product delivering weeks after the named period.

The forward term reported is a rolling 36 months and includes prices for the quarters, calendars and balance of the year blocks.

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, bids and offers that occur after the settlement time for the respective basis instrument are not normally considered for that day’s assessments.

Means of assessment

Argus assesses liquid markets at a midpoint of the best bid and best offer at the Ice gasoil settle, as reported by market participants. Argus assesses an illiquid market on the basis of:

- the prompt physical price of that product
- the market structure observed in liquid product curves
- the illiquid market’s relationship to a more liquid market

If, on a given day, Argus publishes *Argus European Refined Products Forward Curves* but not *Argus European Products*, differentials published in *Argus European Refined Product Forward Curves* will be unchanged compared to the last business day.

Currency and units of assessment

All assessments are made in US dollars per metric tonne.

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. We make our best effort to assess markets based on the information we gather during the trading day assessed.

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 arm’s 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.