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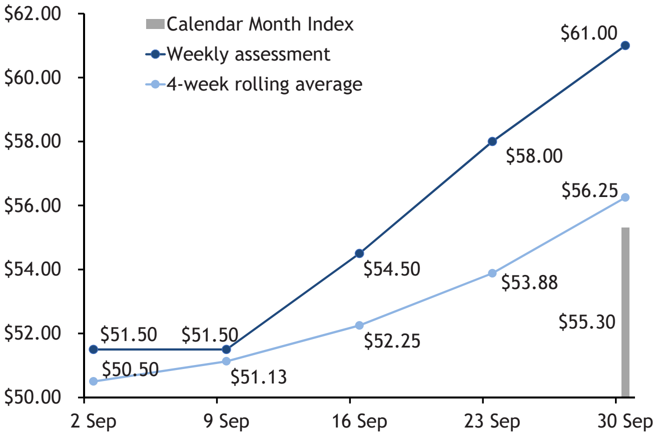
How to use Argus prices in petroleum coke contracts

Argus publishes prices for all major petroleum coke hubs globally. It also publishes several types of prices for each of these hubs. These include:

- Weekly assessments
- Four-week rolling averages
- Monthly indexes.

The prices are illustrated in the chart below:

Argus 6.5% USGC assessments, averages and calendar month index



The four-week rolling average is the simple average of the four preceding weekly price assessments for a specific grade in a specific hub.

The monthly index price is a simple average of the weekly assessments that fall within a calendar month.

Therefore, both of these prices are derived from the weekly assessments, but can be used in different ways.

In petroleum coke trade, there is often a significant lag between when a cargo is loaded and when the final price for that cargo is fully known.

This is a very uncertain way of doing business, fraught with risk that will accumulate between loading and when the price is known.

With the range of prices described above, Argus provides a much clearer alternative.

The weekly granularity of pricing immediately gives the market a clearer view on the pricing data that comprises the four-week rolling average and the monthly index price. Over the course of a given month, as the weekly assessments become available and the month elapses, the constituent parts of a monthly price will become known and uncertainty will reduce as a consequence.

All three prices can be used for contracting purposes.

For example, if there is a one-off cargo purchased outside of a long-term deal, and both buyer and seller want to link it to the market price, the weekly assessment for that particular grade could be used.

Alternatively, for a term contract, the best way to accurately represent fair market value and ensure price data is available in a timely manner would be to use either the four-week rolling price or the monthly index price.

The petroleum coke market deserves a better pricing mechanism than it currently uses.

Having a more reflective and responsive pricing index is the only way to ensure the continued development of the market, with all the benefits that brings, and Argus has a proven track record of assessing fair market prices of commodities across the spectrum.

Contact us today for more information
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Petroleum
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