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Argus VLGC Freight Rates

New assessments to bring clarity to changing markets

Global LPG freight set for significant changes

According to the latest Argus and WLPGA World Statistical Review of Global LPG, production in the US has grown to over 68 mmt, making it the largest producer in the world. One of the consequences of rising production has been increased exports. LPG exports from the US have surged to over 16 mmt/y, from a starting point of approximately 5 mmt/y less than ten years ago, and transformed the global market. What's more, projects to build new export facilities are planned which will push US LPG export capacity to 40 mmt/y tons by 2018.

Rapid growth of the VLGC fleet

The increase in LPG supply will give buyers more options than ever before. This means that suppliers out of the US Gulf will be under increasing pressure to ensure that they remain competitive with LPG from other regions including NW Europe, the Middle East, the Mediterranean and Russia. When calculating export prices, having access to VLGC freight rates for cargoes out of the US will be vital for traders to ensure arbitrage calculations reflect the underlying market fundamentals of shipping costs.

As exports from the US ramp up over the next two-to-three years the importance of US VLGC freight rates will become increasingly important.

The shipping industry has responded to the increase in US export capacity and by the end of 2016, the global VLGC fleet will total close to 250, which is an increase of almost 80 new builds over the past three years. Individual ship owners will face increased competition to ensure that their ships are optimized. Ship owners need to ensure that VLGC vessels are operating in the region that provides the best return. Access

to independently assessed freight rates for ships operating out of the US Gulf coast will play a key role in making these decisions.

The changes to the LPG market are once in a generation and companies across the whole supply and demand chain have made enormous efforts to extract, process, ship and consume the huge volumes of LPG that are now moving across the globe.

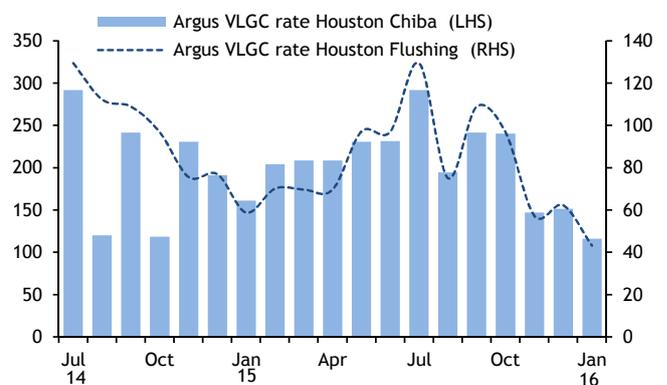
Information to make informed decisions

Argus freight rates will help bring clarity to the freight market. Underpinning the Argus VLGC freight assessments is a rigorous, market-appropriate methodology. This ensures that the highest editorial standards are consistently applied.

The addition of new freight rate assessments for ships operating out of the US Gulf Coast means that ship owners and

Argus VLGC routes out of Houston

\$/t



traders have a complete picture of LPG arbitrage economics for cargoes out of the major export locations and into the key import markets. The comprehensive coverage of the LPG market will help traders and ship owners to make informed decisions based on independently assessed prices produced by the leading provider of LPG information.

New VLGC freight rates out of the US Gulf Coast

- Houston-Flushing \$/t
- Houston-Chiba \$/t

In addition to the new US Gulf Coast assessments, Argus will continue to publish its daily assessment of the VLGC rate on the Ras Tanura-Chiba route

Plus

- Ras Tanura-Chiba Time charter Equivalent Daily and Monthly
- Daily assessments of key VLGC freight rates from the USGC to Europe and the Far East
- Time Charter Equivalent calculations for VLGCs on the Ras Tanura-Chiba route
- An extensive and detailed view of the key global LPG freight rates on key routes

Ship operator economics

In addition to the spot VLGC freight rates assessments, Argus will publish the Time Charter Equivalent \$/t rates for routes out of the US Gulf Coast. These are the rates that a ship owner

would calculate in order to determine and compare earnings on the different global LPG sailing routes. This calculated value means Argus can provide a comprehensive picture of the VLGC shipping market from the perspective of a ship owner and help operators optimise ship utilisation across competing trading regions.

Argus comprehensive coverage of LPG trading

Argus is recognised as the global leader in providing LPG reference prices including benchmarks product prices for all of the key export and import destinations. The global LPG industry relies on Argus for benchmark LPG pricing. The global LPG market can look to Argus is ideally placed to produce independent VLGC freight rates, using rigorous methodologies that meet the highest international standards.

Argus LPG benchmark prices include:

- Argus Far East Index
- Argus CIF ARA Large Cargo
- Argus Middle East Index
- ANSI
- Daf Brest

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