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ARGUS BENZENE AND DERIVATIVES

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The most up-to-date Argus Benzene and Derivatives methodology is available on www.argusmedia.com

Methodology overview

Methodology rationale

Argus strives to construct methodologies that reflect the way the market trades. Argus aims to produce price assessments which are reliable and representative indicators of commodity market values and are free from distortion. As a result, the specific currencies, volume units, locations and other particulars of an assessment are determined by industry conventions.

In the benzene and derivatives markets, Argus publishes physical market prices in the open market as laid out in the specifications and methodology guide. Argus uses the trading period deemed by Argus to be most appropriate, in consultation with industry, to capture market liquidity.

In order to be included in the assessment process, deals must meet the minimum volume, delivery, timing and specification requirements in our methodology. In illiquid markets, and in other cases where deemed appropriate, Argus assesses the range within which product could have traded by applying a strict process outlined later in this methodology.

Survey process

Argus price assessments are informed by information received from a wide cross section of market participants, including producers, consumers and intermediaries. Argus reporters engage with the industry by proactively polling participants for market data. Argus will contact and accept market data from all credible market sources including front and back office of market participants and brokers. Argus will also receive market data from electronic trading platforms and directly from the back offices of market participants. Argus will accept market data by telephone, instant messenger, email or other means.

Argus encourages all sources of market data to submit all market data to which they are a party that falls within the Argus stated methodological criteria for the relevant assessment. Argus encourages all sources of market data to submit transaction data from back office functions.

Throughout all markets, Argus is constantly seeking to increase the number of companies willing to provide market data. Reporters are mentored and held accountable for expanding their pool of contacts. The number of entities providing market data can vary significantly from day to day based on market conditions.

For certain price assessments identified by local management, if more than 50pc of the market data involved in arriving at a price assessment is sourced from a single party the supervising editor will engage in an analysis of the market data with the primary reporter to ensure that the quality and integrity of the assessment has not been affected.

Market data usage

In each market, Argus uses the methodological approach deemed to be the most reliable and representative for that market. Argus will utilise various types of market data in its methodologies, to include:

- Transactions
- Bids and offers
- Other market information, to include spread values between grades, locations, timings, and many other data.

In many markets, the relevant methodology will assign a relatively higher importance to transactions over bids and offers, and a relatively higher importance to bids and offers over other market information. Certain markets however will exist for which such a hierarchy would produce unreliable and non-representative price assessments, and so the methodology must assign a different relative importance in order to ensure the quality and integrity of the price assessment. And even in markets for which the hierarchy normally applies, certain market situations will at times emerge for which the strict hierarchy would produce non-representative prices, requiring Argus to adapt in order to publish representative prices.

Verification of transaction data

Reporters carefully analyse all data submitted to the price assessment process. These data include transactions, bids, offers, volumes, counterparties, specifications and any other information that contributes materially to the determination of price. This high level of care described applies regardless of the methodology employed. Specific to transactions, bids, and offers, reporters seek to verify the price, the volume, the specifications, location basis, and counterparty. In some transactional average methodologies, reporters also examine the full array of transactions to match counterparties and arrive at a list of unique transactions. In some transactional average methodologies, full details of the transactions verified are published electronically and are accessible by subscribers.

Several tests are applied by reporters in all markets to transactional data to determine if it should be subjected to further scrutiny. If a transaction has been identified as failing such a test, it will receive further scrutiny. For assessments used to settle derivatives and for many other assessments, Argus has established internal procedures that involve escalation of inquiry within the source's company and escalating review within Argus management. Should this process determine that a transaction should be excluded from the price assessment process, the supervising editor will initiate approval and, if necessary, documentation procedures.

Primary tests applied by reporters

- Transactions not transacted at arm's length, including deals between related parties or affiliates.
- Transaction prices that deviate significantly from the mean of all transactions submitted for that day.
- Transaction prices that fall outside of the generally observed lows and highs that operated throughout the trading day.
- Transactions that are suspected to be a leg of another transaction or in some way contingent on an unknown transaction.
- Single deal volumes that significantly exceed the typical transaction volume for that market.
- Transaction details that are identified by other market participants as being for any reason potentially anomalous and perceived by Argus to be as such.

- Transaction details that are reported by one counterparty differently than the other counterparty.
- Any transaction details that appear to the reporter to be illogical or to stray from the norms of trading behaviour. This could include but is not limited to divergent specifications, unusual delivery location and counterparties not typically seen.
- Transactions that involve the same counterparties, the same price and delivery dates are checked to see that they are separate deals and not one deal duplicated in Argus records.

Secondary tests applied by editors for transactions identified for further scrutiny

Transaction tests

- The impact of linkage of the deal to possible other transactions such as contingent legs, exchanges, options, swaps, or other derivative instruments. This will include a review of transactions in markets that the reporter may not be covering.
- The nature of disagreement between counterparties on transactional details.
- The possibility that a deal is directly linked to an offsetting transaction that is not publicly known, for example a “wash trade” which has the purpose of influencing the published price.
- The impact of non-market factors on price or volume, including distressed delivery, credit issues, scheduling issues, demurrage, or containment.

Source tests

- The credibility of the explanation provided for the outlying nature of the transaction.
- The track record of the source. Sources will be deemed more credible if they
 - Regularly provide transaction data with few errors.
 - Provide data by Argus’ established deadline.
 - Quickly respond to queries from Argus reporters.
 - Have staff designated to respond to such queries.
- How close the information receipt is to the deadline for information, and the impact of that proximity on the validation process.

Assessment guidelines

When insufficient, inadequate, or no transaction information exists, or when Argus concludes that a transaction based methodology will not produce representative prices, Argus reporters will make an assessment of market value by applying intelligent judgment based on a broad array of factual market information. Reporters must use a high degree of care in gathering and validating all market data used in determining price assessments, a degree of care equal to that applying to gathering and validating transactions. The information used to form an assessment could include deals done, bids, offers, tenders, spread trades, exchange trades, fundamental supply and demand information and other inputs.

The assessment process employing judgment is rigorous, replicable, and uses widely accepted valuation metrics. These valuation metrics mirror the process used by physical commodity traders

to internally assess value prior to entering the market with a bid or offer. Applying these valuation metrics along with sound judgment significantly narrows the band within which a commodity can be assessed, and greatly increases the accuracy and consistency of the price series. The application of judgment is conducted jointly with the supervising editor, in order to be sure that guidelines below are being followed. Valuation metrics include the following:

Relative value transactions

Frequently transactions occur which instead of being an outright purchase or sale of a single commodity, are instead exchanges of commodities. Such transactions allow reporters to value less liquid markets against more liquid ones and establish a strong basis for the exercise of judgment.

- Exchange one commodity for a different commodity in the same market at a negotiated value.
- Exchange delivery dates for the same commodity at a negotiated value.
- Exchange a commodity in one location for the same commodity at another location at a negotiated value.
- Bids and offers

If a sufficient number of bids and offers populate the market, then in most cases the highest bid and the lowest offer can be assumed to define the boundaries between which a deal could be transacted.

Comparative metrics

The relative values between compared commodities are readily discussed in the market and can be discovered through dialogue with market participants. These discussions are the precursor to negotiation and conclusion of transactions.

- Comparison to the same commodity in another market centre.
- Comparison to a more actively traded but slightly different specification commodity in the same market centre.
- Comparison to the same commodity traded for a different delivery timing.
- Comparison to the commodity’s primary feedstock or primary derived product(s).
- Comparison to trade in the same commodity but in a different modality (as in barge versus oceangoing vessel) or in a different total volume (as in full cargo load versus partial cargo load).

Volume minimums and transaction data thresholds

Argus typically does not establish thresholds strictly on the basis of a count of transactions, as this could lead to unreliable and non-representative assessments and because of the varying transportation infrastructure found in all commodity markets. Instead, minimum volumes are typically established which may apply to each transaction accepted, to the aggregate of transactions, to transactions which set a low or high assessment or to other volumetrically relevant parameters.

For price assessments used to settle derivatives, Argus will seek to establish minimum transaction data thresholds and when no such

threshold can be established Argus will explain the reasons. These thresholds will often reflect the minimum volumes necessary to produce a transaction-based methodology, but may also establish minimum deal parameters for use by a methodology that is based primarily on judgment.

Should no transaction threshold exist, or should submitted data fall below this methodology's stated transaction data threshold for any reason, Argus will follow the procedures outlined elsewhere in this document regarding the exercise of judgment in the price assessment process.

Transparency

Argus values transparency in energy markets. As a result, where available, we publish lists of deals in our reports that include price, basis, counterparty and volume information. The deal tables allow subscribers to cross check and verify the deals against the prices. Argus feels transparency and openness is vital to developing confidence in the price assessment process.

Swaps and forwards markets

Argus publishes forward assessments for numerous markets. These include forward market contracts that can allow physical delivery and swaps contracts that swap a fixed price for the average of a floating published price. Argus looks at forward swaps to inform physical assessments but places primary emphasis on the physical markets.

Publications and price data

Benzene and derivatives prices are published in the Argus Benzene and Derivatives report. Subsets of these prices appear in other Argus market reports and newsletters in various forms. The price data are available independent of the text-based report in electronic files that can feed into various databases. These price data are also supplied through various third-party data integrators. The Argus website also provides access to prices, reports and news with various web-based tools. All Argus prices are kept in a historical database and available for purchase. Contact your local Argus office for information.

A publication schedule is available at www.argusmedia.com

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 arms length transactions (please see the [Argus Global Compliance Policy](#) for a detailed definition of arms length).

Consistency in the assessment process

Argus recognises the need to have judgment consistently applied by reporters covering separate markets, and by reporters replacing existing reporters in the assessment process. In order to ensure this consistency, Argus has developed a programme of training and oversight of reporters. This programme includes:

- A global price reporting manual describing among other things the guidelines for the exercise of judgment
- Cross-training of staff between markets to ensure proper holiday and sick leave backup. Editors that float between markets to monitor staff application of best practices
- Experienced editors overseeing reporting teams are involved in daily mentoring and assisting in the application of judgment for illiquid markets
- Editors are required to sign-off on all price assessments each day, thus ensuring the consistent application of judgment.

Review of methodology

The overriding objective of any methodology is to produce price assessments which are reliable and representative indicators of commodity market values and are free from distortion. As a result, Argus editors and reporters are regularly examining our methodologies and are in regular dialogue with the industry in order to ensure that the methodologies are representative of the market being assessed. This process is integral with reporting on a given market. In addition to this ongoing review of methodology, Argus conducts reviews of all of its methodologies and methodology documents on at least an annual basis.

Argus market report editors and management will periodically and as merited initiate reviews of market coverage based on a qualitative analysis that includes measurements of liquidity, visibility of market data, consistency of market data, quality of market data and industry usage of the assessments. Report editors will review:

- Appropriateness of the methodology of existing assessments
- Termination of existing assessments
- Initiation of new assessments.

The report editor will initiate an informal process to examine viability. This process includes:

- Informal discussions with market participants
- Informal discussions with other stakeholders
- Internal review of market data

Should changes, terminations, or initiations be merited, the report editor will submit an internal proposal to management for review and approval. Should changes or terminations of existing assessments be approved, then formal procedures for external consultation are begun.

Changes to methodology

Formal proposals to change methodologies typically emerge out of the ongoing process of internal and external review of the methodologies. Formal procedures for external consultation regarding material changes to existing methodologies will be initiated with an announcement of the proposed change published in the relevant Argus report. This announcement will include:

- Details on the proposed change and the rationale
- Method for submitting comments with a deadline for submissions
- For prices used in derivatives, notice that all formal comments will be published after the given consultation period unless submitter requests confidentiality.

Argus will provide sufficient opportunity for stakeholders to analyse and comment on changes, but will not allow the time needed to follow these procedures to create a situation wherein unrepresentative or false prices are published, markets are disrupted, or market participants are put at unnecessary risk. Argus will engage with industry throughout this process in order to gain acceptance of proposed changes to methodology. Argus cannot however guarantee universal acceptance and will act for the good order of the market and ensure the continued integrity of its price assessments as an overriding objective.

Following the consultation period, Argus management will commence an internal review and decide on the methodology change. This will be followed by an announcement of the decision, which will be published in the relevant Argus report and include a date for implementation. For prices used in derivatives, publication of stakeholders' formal comments that are not subject to confidentiality and Argus' response to those comments will also take place.

Benzene and derivatives market prices

Argus publishes prices that report and reflect prevailing levels for open-market arms length transactions. Price assessments include market information over the course of the trading week.

Various methodological approaches are employed in reporting benzene and derivatives markets to produce the most representative price assessments. These include volume-weighted averages of deals done, lows and highs of deals done, and other methods.

In illiquid markets, Argus assesses the range within which benzene and derivatives could have traded, based on bids and offers through the week, movements of similar or related grades, and extensive polling of market participants.

Formula-priced deals, market fundamentals and information regarding trade in material that does not meet specifications also informs assessments but a primary emphasis is placed on the physical markets.

To be included in the price formation process, deals must meet the strict delivery, timing, and specification requirements in the methodology, and must be executed at arms length between a willing buyer and seller.

Posted prices are based on official price postings by producers or marketers for the appropriate time period and region.

Survey method and verification

Price assessments in the Argus Benzene and Derivatives report rely on a wide variety of sources for information, including refiners, marketers, importers, traders and brokers.

Argus does not restrict itself to one subsection of the market, such as a single trading platform or single informational channel for the market information collected. The market surveys are intended to be balanced in approach and are conducted by experienced industry specialists.

Trading and assessment period

All assessments and formulas refer to prices for the week of the published report.

Reporting is done on Thursday of each week, with the exception of holidays or noted scheduling changes.

US and Europe

Unless noted below, Argus considers the prompt month to be the calendar month if the publication date is before the 15th of the current month. On or after the 15th of the month, the prompt month is defined to be the balance of the current month, plus any deals done for delivery during the preceding month.

Asia

Prompt-month assessments roll off and the next month becomes prompt on the first business day following the 15th of the month. Half months roll on the first publishing day after the first and 15th of the calendar month Argus considers the prompt month for East China ex-tank and includes listed prices announced by Sinopec.

Unit and currency

Prices are reported in the currency and units in which they typically trade. Prices are also converted to US dollar per metric tonne (\$/t) for regional comparisons.

Americas

Timing

Prices are for the week to 5pm central time on Thursday.

Benzene

Market information in US cents per gallon (¢/USG) is converted using a factor of 299.3 USG/t.

Spot price assessments

Benzene spot prices are the low-high range of transactions completed in a particular week. A mathematical midpoint of the low-high range is also published. At times, only one transaction, or many transactions at the same price, will result in the low and high for the week being published at the same price.

USGC spot

Specification: ASTM D2359

Timing: nominally for loading five business days forward but will include any period within the working calendar month. For the last reporting week of a month, front-month transaction data will be used as well.

Basis: fob USGC and ddp USGC and Lower Mississippi river

Minimum size: one barge lot, generally 10,000 bl

Contract/posted reference prices

Publicly announced reference prices provided by major marketers and/or producers specific to particular regions. Reference pricing is understood to be the result of multilateral discussions between marketers/producers and end-use consumers. These posted prices are most often used as a basis for contractual sales agreements between companies. Posted prices are monthly in duration.

USGC fob contract, non-discount

Specification: ASTM D2359

Timing: current month

Basis: fob USGC or Lower Mississippi river

Size: generally one barge lot or 10,000 bl

Styrene

Prices are assessed and published in \$/t. Market information in US cents per pound (¢/lb) is converted using a factor of 2,204.62 lb/t.

Specification: ASTM D2827

Timing: current month

Basis: fob USGC or Lower Mississippi river

Size: generally one barge lot — 10,000 bl, or 1,500t minimum

USGC fob contract

The USGC contract marker is a contract price agreed by buyers and sellers. The month-to-month differentials are established through conversations with large producers and consumers regarding the magnitude of changes to prices in their freely negotiated contract volumes.

USGC fob spot

Basis is fob USGC and ddp USGC and Lower Mississippi river. If no transactions are confirmed during the period, Argus will report the previous range.

USGC fob running VWA

Calculated as a running, volume-weighted average (VWA) of all validated fob USGC, waterborne styrene transactions for at least 1,000t, loading during the named calendar month and transacted any time from the first day of the preceding month until five days before the end of the named month.

Large Buyer Index, Styrene

A volume-weighted average of two components based on the ratio of local US styrene consumption and exports.

Full production cost: calculated based on raw material and production costs including the US benzene contract price, US ethylene net transaction prices for the named month (settled or as estimated by Argus), the Henry Hub natural gas price for the named month and a variable production adder that is reviewed quarterly

Spot price: the USGC styrene VWA for the named month

Ethylbenzene

Prices are published as outright values and as differentials to Nymex RBOB gasoline. Market information in US cents per gallon (¢/USG) is converted using a factor of 303.75 USG/t.

Spot prices assessments

Ethylbenzene spot prices are the low-high range of transactions completed in a particular week. A mathematical midpoint of the low-high range is also published. At times, only one transaction, or many transactions at the same price, will result in the low and high for the week being published at the same price.

USGC spot

Specification: ASTM D3193

Timing: nominally for loading five business days forward but will include any period within the working calendar month. Front-month transaction data will be used following the 15th of the current month.

Basis: ddp USGC

Minimum size: 25,000 bl

Cumene

Calculated based on raw material and production costs including the US benzene contract price, the previous month's average price for refinery grade propylene and a variable production adder that is reviewed quarterly.

Phenol

The USGC contract marker is a contract price agreed between buyers and sellers. The month-to-month differentials are established through conversations with large producers and consumers regarding magnitude of changes to prices in their freely negotiated contract volumes.

Cyclohexane

USGC fob contract

Calculated based on raw material and production costs including the US benzene contract price and a variable production adder that is reviewed quarterly.

Marker with natural gas escalator

Calculated based on raw material and production costs including the US benzene contract price, the Henry Hub day-ahead index for the previous month and a variable production adder that is reviewed quarterly.

Polystyrene

Contract prices

There is no single contract price for any individual polymer — independent producers and consumers agree their own starting gross contract prices and negotiate monthly movements on an independent, arms length basis.

Discounts to the gross contract may also be negotiated. Discounts may be based on factors such as volume, volume flexibility, delivery, payment terms or any other factor agreed between the buyer and seller. These discounts may be dependent on reaching contract targets, on volume, for example. The exact terms will usually be private and confidential between buyer and seller.

The different polymer grades are not assessed in isolation and the premiums and discounts between different polymer grades are used in the assessment process.

Argus monthly delta

Argus surveys participants on the change in contract prices from month to month and publishes assessments of the month-on-month price changes designed to capture the monthly change in price most representative of the market as a whole, called the Argus Delta or Argus Δ . This is in keeping with the nature of monthly negotiations between buyers and sellers, which focus on monthly price movement rather than outright price levels. Low-high ranges for the movements are also published.

The Argus Delta will not necessarily be the midpoint of the published high and low contract price change.

Argus contract price

Argus also publishes monthly outright gross contract prices that move in line with the corresponding Argus Delta, except when an annual reassessment of the outright price is made in March for publication in the first published report in April.

The annual reassessment is intended to capture rebates within existing contracts and renegotiations of long-term contracts between buyers and suppliers that can lead to changes in the outright prices in the market outside of the usual monthly negotiation process.

Timing

Argus publishes an assessment of the monthly deltas and contract prices from the third publication of the month in question until the first publication of the following month, when the final monthly contract price assessments are typically made. The second publication of the following month republishes the final monthly contract price assessment.

In the event that the monthly contract has not settled by the first publication of the following month, the final monthly price assessment will be published in the second publication of the month.

The final monthly contract price assessment is not an average of the previous assessments for the month in question.

Location, specification and products

Contract price assessments are of a negotiated contract price for general-purpose grades meeting the US polymer specifications listed below, delivered east of the Rocky Mountains during the named month.

Monthly delta and contract prices are published for

GPPS

General purpose polystyrene
General purpose crystal grades material with a melt index of 1-20

HIPS

High impact polystyrene (HIPS)
General purpose high-impact rubber modified polystyrene with a melt flow index of 2 to 20

Europe

Timing

Prices are for the week to 5pm central European time on Thursday.

Benzene

cif ARA spot

Calculated as the arithmetic average of the daily Argus benzene cif ARA (prompt) assessment published in Argus Benzene Daily in the week prior to publication (Friday-Thursday).

The weekly price is an average of all prompt assessments in the publication week, whether or not the trade month rolls during the assessment week. A conversion to €/t is published for the weekly spot assessment, using the spot exchange rate on the day of publication.

Supplementary transaction data

Argus publishes a low, high and volume-weighted average price for prompt-month spot transactions reported during the week (Friday-Thursday). In the last five UK working days of the month trades for the next month will be included in addition to trades for the prompt month. A total reported volume is also published.

Benzene contract cif NWE (basis ARA)

Specification: ASTM D2359

Currency/unit: prices are published in both \$/t and €/t. The price is negotiated in US dollars on the basis of recent spot market activity. Conversion to euros is fixed at the published European Central Bank exchange rate for the day prior to settlement.

Timing: negotiation and settlement between producers and buyers habitually takes place on the last working day of the month to settle the reference price for the coming month.

Basis: cif ARA. Price adjustments are made by individual parties for other locations.

Size: nominally 1,000t lots

Styrene

ARA spot

Specification: ASTM D2827

Currency/unit: prices are published in \$/t. Transactions agreed in €/t are converted to \$/t at the published daily rate of the European Central Bank on the date of the transaction.

Timing: nominally for loadings five business days forward but will include any period within the working calendar month and if the publication date is after the 15th of the month will include transactions for the following calendar month.

Basis: fob ARA

Minimum lot size: 1,000t

fob ARA Styrene monthly contract

Assessed and published in €/t.

Minimum lot size: 500t

ARA fob VWA

A volume-weighted average (VWA) of all validated fob ARA styrene transactions for at least 1,000t loading during the named calendar month and transacted any time from the first day of the previous month until five working days before the end of the named month.

For example, the June 2019 VWA will include transactions for June loading completed between 1 May 2019 and 21 June 2019 .

The final VWA is published in the first issue after the end of the VWA trading period.

Specification: ASTM D2827

Phenol

The European contract marker is a list contract price, assessed and published in €/t. A \$/t conversion is also published. Differentials to benzene are established on a quarterly or annual basis. The published price reflects the change in the monthly benzene contract price in €/t.

Cyclohexane

A quarterly differential is agreed and made public by buyers with sellers, reflecting anticipated production costs and market factors.

The monthly cyclohexane contract price is assessed and published in €/t and is calculated by adding the differential for the calendar quarter to the monthly benzene contract price. A \$/t conversion is also published.

Polystyrene

Contract prices

There is no single contract price for any individual polymer; independent producers and consumers agree their own starting gross contract prices and negotiate monthly movements on an independent arm's length basis.

Discounts to the gross contract may also be negotiated. Discounts may be based on factors such as volume, volume flexibility, delivery, payment terms or any other factor agreed between the buyer and seller. These discounts may be dependent on reaching contract targets, on volume, for example. The exact terms will usually be private and confidential between buyer and seller.

The different polymer grades are not assessed in isolation and the premiums and discounts between different polymer grades are used in the assessment process.

Argus monthly delta

Argus surveys participants on the change in contract prices from month to month and publishes assessments of the month-on-month price changes designed to capture the monthly change in price most representative of the market as a whole, called the Argus Delta or Argus Δ . This is in keeping with the nature of monthly negotiations between buyers and sellers, which focus on monthly price movement rather than outright price levels.

Low-high ranges for the movements are also published. The Argus Delta will not necessarily be the midpoint of the published high and low contract price change.

Argus contract price

Argus also publishes monthly outright gross contract prices that move in line with the corresponding Argus Delta, except when an annual reassessment of the outright price is made in March for publication in the first published report in April.

The annual reassessment is intended to capture rebates within existing contracts and renegotiations of long-term contracts between buyers and suppliers that can lead to changes in the outright prices in the market outside of the usually monthly negotiation process.

Timing

Argus publishes an assessment of the monthly deltas and contract prices from the third publication of the month in question until the first publication of the following month, when the final monthly contract price assessments are typically made. The second publication of the following month republishes the final monthly contract price assessment.

In the event that the monthly contract has not settled by the first publication of the following month, the final monthly price assessment will be published in the second publication of the month. The final monthly contract price assessment is not an average of the previous assessments for the month in question.

Location, specification and products

The contract is typical of the major markets in Germany, Benelux and France, and is based on "general purpose grades" and does not allow for any surcharges associated with more advanced grades.

The price assessment does not cover break-bulk activities and does not reflect the geographic variations across the smaller European markets (Spain and Italy typically have lower pricing).

Contract terms: gross (before any discounts are applied)
Delivery: delivered mid-northwest Europe
Load size: "full load deliveries" – typically a 20-25t load depending on local regulations

Monthly delta and contract prices are published for

GPPS

General purpose polystyrene
 GGPS material with a melt flow index of 1-20

HIPS

High impact polystyrene
 Material with a melt flow index of 2-20

Asia-Pacific

Prices are for the week to 5pm Singapore time on Thursday. Prices are assessed and published in US dollars/t (\$/t) unless stated below.

Contract prices

Published weekly, these are publicly announced reference prices provided by major marketers and/or producers specific to particular regions. Reference pricing is understood to be the result of multilateral discussions between marketers/producers and end-use consumers. These posted prices are most often used as a basis for contractual sales agreements between companies.

Argus will publish a contract price range consisting of:
 The confirmed contract price negotiated by Eneos with its customers; and

A calculated price for each region based on the prevailing contract formula, which is the average of the weekly published prices fob South Korea for the previous month plus a premium for each region.

Major producers and marketers such as Phillips 66 and Exxon-Mobil do not readily confirm contract price settlements in the US, and Argus will confirm the contract settlement with large contract consumers such as BASF, Styrolution, Ineos Phenol, Total, Sabic and Huntsman

Benzene

Cfr South Korea contract

Specification: ASTM D2359
Timing: current month
Basis: cfr South Korea main port
Size: generally one barge lot 3,000t

Cfr Taiwan contract

Specification: ASTM D2359
 Reported as the range of daily prices during the week. The weekly marker is the mathematical average of the daily markers.
 See the [Argus Benzene Daily methodology](#).

Cfr Asean contract

Specification: ASTM D2359
Timing: current month
Basis: cfr Singapore
Size: generally one barge lot 3,000t

Fob South Korea

Reported as the range of daily prices during the week. Prices are published for five forward half months and two calendar months. The weekly marker is the mathematical average of the daily markers.
 See the [Argus Benzene Daily methodology](#).

Cfr China spot

Reported as the range of daily prices during the week.
 See the [Argus Benzene Daily methodology](#).

Fob Southeast Asia spot

Specification: ASTM D2359
Timing: nominally for current month and current month plus one
Basis: fob Southeast Asia
Minimum size: one barge lot — 3,000t
 If no transactions are confirmed, Argus will report based on the prevailing market premium or discount from to fob South Korea prices

East China ex-tank spot

Reported as the range of daily prices during the week.
 See the [Argus Benzene Daily methodology](#).

Sinopec ex-works spot

The latest listed price announced or rolled over from the previous week/s by the producer.
Specification: ASTM D2359
Currency/unit: yuan/t
Timing: nominally for current month
Basis: ex-works
Minimum size: one barge lot — 500-1,000t

Cfr India spot

Location: Kandla, Mumbai
Basis: cfr India
Ports: including but not limited to Kandla, Mumbai, Mangalore, Chennai and JNTP
Timing: 10-35 days forward
Cargo size: 3,000 metric tonnes
Specification: ASTM D2827h

Styrene

Cfr Taiwan contract

The agreed and confirmed price between major producers and end-users in Taiwan for the previous month.
Specification: ASTM D2827
Timing: previous month
Basis: cfr Taiwan main port
Minimum size: 2,000t

Cfr South Korea/Taiwan

Specification: ASTM D- 2827

Location: South Korea, Taiwan

Basis: cfr

Timing: 10-35 days forward

Minimum size: 2,000 metric tonnes

Absent sufficient trade, bid/offer or other information, prices are derived from the premium or discount to the average cfr China spot price assessment.

Cfr China spot

Reported as the range of daily prices during the week. The weekly marker is the mathematical average of the daily markers.

See the [Argus Benzene Daily methodology](#).

Cfr India spot

Specification: ASTM D- 2827h

Location: Kandla, Mumbai

Ports: including but not limited to Kandla, Mumbai, Mangalore, Chennai and JNTP

Basis: cfr India

Timing: 10-35 days forward

Cargo size: 3,000 metric tonnes

Absent sufficient trade, bid/offer or other information, prices are derived from the premium or discount to the average cfr China spot price assessment used in spot formula transactions. Indian domestic prices would also be taken into consideration in the assessment process.

Fob northeast Asia spot

Specification: ASTM D- 2827

Location: Japan, South Korea, Taiwan

Basis: fob northeast Asia

Timing: 10-35 days forward

Minimum size: 2,000 metric tonnes

Absent sufficient trade, bid/offer or other information, prices are derived from the premium or discount to the average cfr China spot price assessment.

China ex-tank spot

Reported as the range of daily prices during the week.

See the [Argus Benzene Daily methodology](#).

India ex-tank spot

Basis: ex-tank

Currency: Indian rupees

Cargo size: 100-1000 kilogram basis

Specification: ASTM D2827

Polystyrene

Timing: delivered 5-35 days forward from assessment date

Cfr China spot

China's main ports are mainly located in three regions:

- east China: Shanghai, Ningbo, Nanjing and Qingdao
- south China: Xiamen, Fuzhou, Shenzhen, Guangzhou and Shantou
- north China: Tianjin and Dalian

Argus assessments mainly cover these three regions.

Size: at least 50t.

Argus generally maintains a \$20-50/t assessment range for the poly-vinyl chloride cfr China price assessment. Assessment ranges can be widened by \$10-20/t when the market is in wide discussion or large volume transactions are concluded out of the mainstream range.

Ex-works China spot

Ex-works China spot prices include a 17pc value-added tax.

The Chinese domestic market consists of the following regions:

- east China: Shanghai, Zhejiang, Jiangsu
- south China: Guangdong and Fujian
- north China: Tianjin, Beijing, Hebei and Shandong
- northeast China: Liaoning, Jilin and Heilongjiang
- west China: Xinjiang, Gansu and Shaanxi
- southwest China: Sichuan and Chongqing.

Size: at least 5,000t

Import parity China spot current

Import parity China spot prices (\$/t) are ex-works (Yn/t) adjusted for the currency exchange rate, VAT, tariff, clearance cost. Value-added tax is 17pc in China and the import tariff is 6.5pc for major origins. Clearance cost is at Yn100/t. In that case, the formula is: ex-works adjusted (import parity) = (ex-works-100) / (exchange rate * 1.17 * 1.065)

Prices are published for

GPPS

General purpose polystyrene

Material with a melt flow index of 1-20

HIPS

High impact polystyrene

Material with a melt flow index of 2-20

Phenol

China domestic ex-tank spot

See the [Argus Propylene and Derivatives methodology](#).

Freight

Freight rate assessments are published as the cost of spot chartering a vessel to load benzene 30-90 days from the date of publication.

Argus surveys market participants including charterers, ship owners and ship brokers in assessing freight rates.

Routes and cargo sizes

South Korea-China – up to 3,000t

Thailand-China – up to 3,000t

South Korea-Houston – up to 6,000t

South Korea-Houston – up to 12,000t

Included ports	
Country	Ports
South Korea	Daesan, Yosu, Ulsan, Onsan
China	Ningbo, Shanghai, Caojing, Taicang, Nantong, Jiangyin, Zhangjiagang, Huizhou
Thailand	Map Ta Phut, Sriracha, Rayong
US	Ports in the Texas Gulf area.

Related markets

Argus Benzene and Derivatives includes weekly average crude and products prices.

- Naphtha 65 para northwest Europe cif
- Gasoline Eurobob oxy northwest Europe barge
- Gasoline 10ppm non-oxy northwest Europe cif cargo

See the [Argus European Products methodology](#)

- Butane ARA/UK large cargo
- Propane ARA large cargo

See the [Argus International LPG methodology](#)

- Gasoline 92r Singapore
- Naphtha Japan c+f
- Naphtha Singapore fob

See the [Argus Asia-Pacific Products methodology](#)

- Naphtha full-range USGC waterborne del

See the [Argus US Products methodology](#)

- Dubai month 1
- Nymex WTI month 1
- North Sea Dated

See the [Argus Crude methodology](#)