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ARGUS RAIL BUSINESS

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The most up-to-date Argus Rail Business methodology is available on www.argusmedia.com

Introduction

Argus Media publishes freight intelligence and price information in Argus Rail Business, Argus Coal Transportation, Argus Freight, Argus Neftetransport as well as market reports and newsletters on a wide range of energy markets.

Argus Rail Business contains data services on:

- Key freight rate and commodities price and performance
- Benchmarks
- News and analysis on rail industry trends, policy and regulation
- Quarterly commodities statistics data and analysis
- Railroad performance metrics
- Waybill analysis of specific moves by commodity

Argus indexes and assessments

Argus assesses Americas and world fuel prices, including diesel prices at various North American delivery points. 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). For information on these indexes and on price assessments for other energy commodities, please review those markets' current methodologies, available at www.argusmedia.com. Argus uses this information to compare with published fuel surcharges and to analyze trends in this important piece of total freight costs.

Argus indexes are used worldwide for risk management in price and supply transactions. Routinely published information includes crude, diesel, fuel oil or jet fuel and kerosene prices from Argus US Products, Argus Americas Crude or other market reports. Information, index values and assessments for coking coal, seaborne coal or North American coal are typically published in Argus Coal Daily or Argus Coal Daily International. More information about these reports and other Argus services is available at www.argusmedia.com.

Diesel prices

Argus Rail Business publishes monthly average diesel prices for one and two months before the month of publication. A rolling five-day average price is also published.

Markets included

- San Francisco CARB ULSD fob pipe
- Colonial 62 ULSD pipe fob
- New York Harbor barge ULSD fob
- Los Angeles CARB ULSD fob pipe
- Chicago ULSD pipe fob
- Group 3 Magellan X ULSD pipe fob

See the [Argus US Products methodology](#).

DOE retail price for on-highway diesel is from the Energy Information Administration.

Argus On-Time Delivery Index

Two related factors are at the core of the shipper-railroad relationship – cost and service. Service levels can be inferred in some cases from publicly available data, including average train speeds or terminal dwell times, but shippers sit nearly as close to railroad performance as the railroads themselves. Shippers' collective experience can yield important insights into emerging rail customer service trouble, while time remains to adapt to it.

For this reason, Argus publishes quarterly indexes of railroad performance and service. The On-Time Delivery Index has been tracking rail performance since 1997 and remains the go-to source for the objective measurement of continuing — or developing — rail service issues, system-wide for a variety of commodities.

With its On-Time Delivery Index, or OTDI, Argus tracks railroad performance in five major commodities:

- Chemicals
- Coal
- Forest Products
- Grain
- Metals

Argus surveys shippers for the OTDI to accurately sample railroad performance and delivery standards. Survey respondents are contacted via telephone or other electronic means and rate their rail carrier(s) on a scale between 1 and 5 on customer service and responsiveness and separately to rate on-time delivery.

These survey results are published quarterly for each of the commodities and historical data on results is available from the surveys' 1997 inception.

Argus will contact and accept market data from all credible market sources including front and back office of market participants and brokers.

QCS data and analysis

Commodity-level freight information is obtained quarterly from reports to the Surface Transportation Board by each of the North American Class I railroads. This data is aggregated, instrumentized, quality assured and reviewed editorially, then published within Argus Rail Business.

The Quarterly Commodities Statistics data is paired with relevant analysis and Argus data to provide a more complete picture of the rail freight marketplace. This data is produced by the railroads and submitted to the Surface Transportation Board quarterly, providing prior-quarter rate information for: BNSF; Canadian National, Canadian Pacific; CSX; Kansas City Southern; Norfolk Southern; and Union Pacific.

Argus publishes data on railroad revenues, revenues per carload, volumes in carloads and volume change on the year for each of thirteen commodities series each quarter.

Commodities covered editorially in the report are:

- Chemicals
- Farm Products
- Grain
- Textiles
- Non-Metallic Minerals
- Containers
- Metallic Ores
- Metals
- Pulp and paper products
- Forest Products
- Coal
- Clay, concrete, glass or stone products
- Refined Products

Argus data products include performance information for all standard commodity categories and subcategories.

Fuel surcharges

Carload fuel surcharges and diesel strike prices are determined independently by each railroad and are provided to Argus directly or made available publicly. Carload surcharges are provided in \$/mile and are converted to \$/500 mile and \$/1,000 mile figures.

Each railroad begins to apply its surcharge once the price of diesel meets or exceeds its diesel strike price.

Canadian National, CSX, Kansas City Southern, and Union Pacific post surcharge and diesel strike prices on the first day of each month for the following calendar month. Canadian Pacific posts prices on a bi-weekly basis. Argus publishes the latest available price on the day of publication.

Annual waybill sample data

Argus uses the aggregated public version of the Surface Transportation Board's waybill sample to construct region-to-region and commodity-by-commodity freight rates and trends analysis. This data is reported annually and uses a multiplier by the agency to mask sensitive rate information.