

S&P Global Platts Launches New KMAX 9 Dry Bulk Weighted Index

Builds out price assessment suite to bring new transparency to global dry bulk shipping market

SINGAPORE, LONDON, NEW YORK, June 3, 2020 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets launched on May 4, a new dry bulk weighted average index – KMAX 9 – for Kamsarmax class bulkers. The launch of the Platts KMAX 9 Index enhances Platts' dry bulk freight market offering and complements the recent launch of the Platts Capesize TCE Index (Cape T4). It offers participants the basis of an option to trade either a basket of routes via the Index, or the individual time charter equivalents (TCEs) as well as voyage charter rates.

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The new Platts KMAX 9 Index seeks to better reflect the supply and demand dynamics of the dry bulk shipping market, aided by observed trade flow data from Platts cFlow. This ensures realistic weightings for the Index based on the movement of widely consumed commodities.

Peter Norfolk, Editorial Director, Global Shipping & Freight, S&P Global Platts said, "The existing approach to pricing Kamsarmax class dry bulk vessels is in desperate need of improvement. It does not cover many liquid trading regions nor reflect the reality of current freight trade flows, which leaves market participants exposed to basis risk and prevents effective hedging. Backed by a robust and transparent methodology and Platts' proprietary trade flow software, we are confident this new Index provides greater accuracy in capturing liquidity on trade routes and helps market participants reduce basis risk substantially. The introduction of this new offering underscores Platts' continued commitment to innovation in commodity pricing benchmarks."

The implementation of new IMO regulations to cap sulfur emissions at 0.5% also presents new trading opportunities, with market participants needing to hedge their exposure based on actual trade flows of Kamsarmax class dry bulk vessels.

About KMAX 9 Index

Platts KMAX 9 is derived by applying an allocated weighting to the daily Time Charter Equivalent (TCE) assessments of nine key voyages. Weighting for the individual TCE assessments is determined by the volume of Kamsarmax vessel movements observed between the regions associated with the respective voyages over the last three years from Platts' trade flow software cFlow. This ensures the correct weighted average is applied to the index.

Platts cFlow is used to observe the actual trade flow on Kamsarmax vessels and to calculate ton-mile demand. Ton-mile demand is calculated by multiplying the volume of cargo moved in metric tons by distance traveled in miles. Platts Kamsarmax TCE assessments (\$/day) are derived from related voyage charter prices (\$/mt).

The routes were selected based on extensive market engagement around the world ranging from ship owners, charterers and ship brokers - and backed up by the trade flow observed on Platts cFlow.

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About S&P Global Platts

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