Platts Adds Natural Gas Liquids to its Forward Curves

Expands its Forward Curve Suite beyond Oil, Natural Gas, Power, Coal and Petrochemicals
- Market May be Underestimating Ethane Price by 2018 -

LONDON and NEW YORK, April 13, 2016 /PRNewswire/ -- Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced that it has expanded its commodity risk solutions to include natural gas liquids (NGLs) for three delivery locations in the United States: Mont Belvieu Lone Star (LST) NGL pipeline and Mont Belvieu non-LST in Texas and Conway, Kansas.

Platts mark-to-market (M2M) NGL forward curves are quantitatively derived; based on Platts NGL editorial market pricing expertise; and provide insight into the current price for contract delivery up to 36 months forward. The forward curves help NGLs producers, traders, brokers and end users make better production, hedging and risk management decisions and also facilitate fair-value measurement accounting requirements.

Stuart Wood, vice president of commercial products at Platts, said: "We are committed to providing our customers with an independent, transparently produced source of NGL forward curves that will help them measure their assets at fair value and manage their business in volatile times."

12 customers in the U.S., spanning exploration and production to midstream and downstream oil companies with NGL exposure, have already signed on to use Platts NGL forward curves for valuation purposes.

Platts' M2M NGL coverage includes propane, ethane, ethane/propane (E/P) mix, butane, isobutane and natural gasoline. The M2M NGL forward curves are quantitatively derived from a combination of Platts oil price assessments and Platts proprietary analytics capabilities, together with additional forward curve data from the Intercontinental Exchange (ICE).

Kwhame Gittens, Platts manager of commodity risk solutions-Americas, said "Based on the Platts M2M NGL forward curves, consumers of ethane and propane could ask themselves whether they should be buying ahead in the current environment. Conversely, producers may be assessing whether they should hold on and wait for higher prices."

For example, the NGL forward curves indicate that the cost of non-LST ethane for 2018 delivery will average 26.22 cents per gallon (/gal). But forecast models, including those of Platts Bentek, an analytics and forecasting unit of Platts, predict ethane prices of around double that in 2018, particularly as new steam crackers come online, increasing ethane recovery outside the U.S. Gulf.

The M2M NGL forward curves U.S. delivery locations:

-- LST: reflects prices of NGLs for transmission on the Lone Star NGL pipeline.
-- Non-LST: reflects prices of NGLs for transmission on the other terminals within Mont Belvieu.
-- Conway, Kansas, located in the heart of the Midwest, is home to another key NGL production and storage facility. Conway serves as the hub for the Midwest, feeding much of the region's need for agricultural crop drying and residential heating.

For more information on the Platts M2M-NGL forward curves model, visit http://www.platts.com/products/m2m-ngl-forward-curves.

Through its commodity risk solutions, Platts provides clients with a full and independent view of forward price assessments for oil, NGLs, petrochemicals, natural gas, power and coal around the world. In addition to more than 400 forward curve price assessments, Platts publishes more than 20,000 benchmark price assessments, references and indexes in energy, petrochemicals, metals and agriculture on a daily basis.

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About Platts: Platts is the leading independent provider of information and benchmark prices for the commodities and energy markets. Customers in over 150 countries look to Platts' expertise in news, pricing and analytics to deliver greater transparency and efficiency to markets and help them make better informed trading and business decisions. Founded in 1909, Platts' coverage includes oil and gas, power, petrochemicals, metals, agriculture and shipping. A division of McGraw Hill Financial, Platts is headquartered in London and employs over 1,000 people in more than 15 offices worldwide. Additional information is available at http://www.platts.com.

About McGraw Hill Financial: McGraw Hill Financial (NYSE: MHFI) is a leading financial intelligence company providing the global capital and commodity markets with independent benchmarks, credit ratings, portfolio and enterprise risk solutions, and analytics. The Company's iconic brands include Standard & Poor's Ratings Services, S&P Capital IQ and SNL, S&P Dow Jones Indices, Platts, CRISIL and J.D. Power. The Company has approximately 20,000 employees in 31 countries. Additional information is available at www.mhfi.com.

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