S&P Global Platts Launches Daily Oil Market Parity Prices

New pricing models provide additional transparency to six West African crude grades

LONDON, Aug. 16, 2018 /PRNewswire/ -- S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, announced the launch of six new daily Market Parity Price (MPP) models for West African crude oil grades on August 1, 2018 that it has not previously assessed.

Joel Hanley, Senior Director, European & African Oil, S&P Global Platts said:"Our new Market Parity Price models are an innovative way to reflect a price for crude grades that are too small for regular spot market liquidity that underpins a traditional daily price assessment, but are too important to be ignored. Working with S&P Global Platts Analytics, our new MPP models have been developed to provide additional insight into these less liquid crude grades, many of which play an important role in regional refining slates. The model gives us the opportunity to expand this coverage further across West Africa but also other regions across the world."

A Market Parity Price is a modelled price calculated by S&P Global Platts Analytics that reflects the value of a specific crude oil grade based on the refining value of the grade and adjusted for relevant market economics, including shipping. An MPP takes into account the gross product worth (GPW) of the grade and subtracts the associated costs of refining and transportation. It also factors in an adjustment differential designed to bring the gross refining value of a crude grade into alignment with broader spot market fundamentals. This adjustment differential is calculated by looking at the difference between the modeled price of a basket of similar crude grades and their respective daily spot price assessments.

Rick Joswick, Head of Oil Pricing & Trade Flow, S&P Global Platts Analytics added:"The new Market Parity Prices reflect S&P Global Platts' understanding of refinery value of individual crude grades and market economics for crude grades with no or irregular spot market activity. They complement the existing suite of S&P Global Platts price assessments and provide greater insight into the broader regional and global crude markets. The publication of MPPs reinforces S&P Global Platts' commitment to delivering real time news, pricing and analysis to provide essential intelligence to market participants."

The six new daily MPP modelled crude grades are: Amenam, EA Blend, Yoho, Asaramatoru, Abo and TEN.

S&P Global Platts will continue to publish spot physical market information for these crude grades.

For more information about the S&P Global Platts daily Market Parity Price models methodology, see the subscriber note here.

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