S&P Global Platts Launches eWindow for Platts JKM LNG Derivatives

Online Platform Enhances Transparency, Speed and Efficiency for LNG Trading Community

SINGAPORE and LONDON and NEW YORK, June 1, 2020 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets will launch on June 26, 2020 the Platts Editorial Window (eWindow)® communication tool for assessing the tradable value of derivatives contracts for Platts JKM, the benchmark price for Liquefied Natural Gas (LNG).

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The S&P Global Platts eWindow is an online data-entry and communications tool which brings greater speed, transparency and efficiency to the Platts Markets On Close (MOC) price assessment processes. It allows market participants in the Platts MOC price assessment process to communicate bids, offers and transactions directly to Platts editors and the marketplace simultaneously. Platts eWindow was launched to enhance the MOC process for the physical assessment of Platts JKM in July 2019 and has seen widespread market adoption with nearly 3,000 market participants authorized to participate.

Trading does not occur on the eWindow, but the tool's compatibility with Intercontinental Exchange (ICE) technology allows eWindow users to execute trades on the ICE platform without leaving the Platts MOC price assessment process and environment.

The number of JKM-linked bids, offers and trades in the spot market has grown significantly in the last two years, and a significant volume of spot market and term contract activity is negotiated on a forward-JKM, floating price basis. Since Platts clarified the standard terms for the LNG derivatives MOC in mid-2018, the number of JKM-linked bids and offers in the Platts physical MOC process has increased by over 300% in 2019 year on year. 107 million metric tons (MT) of JKM derivatives traded in 2019, an annual growth rate of 209% and the strong growth rate has continued into 2020 with nearly 50 million MT of JKM derivatives traded in Q1.

Ciaran Roe, director for Global LNG at S&P Global Platts said, "The expansion of eWindow to support the Platts MOC for LNG derivatives marks a further milestone in the maturity and rapid commoditization of the market. We have seen transparency in the paper market approach parity with that of the physical cargo market, as a significant volume of spot market and term contract activity both inside and outside the Platts MOC process are now negotiated on a forward-JKM, floating price basis. Driven by an increasingly liquid spot market and exponential growth in LNG paper trade, the launch of eWindow for Platts Asia LNG derivatives price assessment process will bring additional transparency by making price formation of paper and physical trading simultaneous."

About Platts JKM

Platts JKM was launched in February 2009 and represents the daily tradeable price of spot LNG cargoes delivered into Northeast Asia. Since June 2018, S&P Global Platts uses its unique Market-on-Close (MOC) methodology to assess Platts JKM. The MOC is a structured day-long process that ends at 4:30pm Singapore time – the timestamp for Platts LNG assessments in Asia, and is an assessment process adopted widely across energy markets.

During the MOC, Platts publishes real-time information from active market participants that report firm, named bids, offers and trades in order to test market value and form a representative price assessment at the close of each day.

Platts assesses LNG derivatives prices in order to provide further transparency to market participants on the value of different parts of the JKM forward curve. Derivatives represent an underlying, market-assigned future value of the Platts physical assessments, and are a particularly important component in fully analyzing the hedgeable value of physical cargoes trading on floating price basis.

Media Contacts:

Americas	Kathleen Tanzy +1 917 331 4607, kathleen.tanzy@spglobal.com

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For further information: EMEA: Alex Brog, +44 207 176 7645, alex.brog@spglobal.com, Russ Gerry, +44 207 176 3569, russell.gerry@spglobal.com, Asia: Melissa Tan, +65 6597 6241, melissa.tan@spglobal.com

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