S&P Global Platts Launches New APSI 5 Dry Bulk Weighted Index

First Regional Freight Index Capturing APAC trade on Supramax bulkers

SINGAPORE, Feb. 2, 2021 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets, has launched a new dry bulk weighted average index – APSI 5 – for Supramax class bulkers, effective February 1, 2021.

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APSI 5 is the dry bulk freight market's first regional weighted average index capturing the Asia Pacific trade on Supramax bulkers, reflecting an important segment of the global dry bulk market that is otherwise not reflected in existing price benchmarks.

The new index enhances Platts' dry bulk freight market offering and complements the earlier launches of the Platts Capesize weighted average TCE Index (Cape T4) and Platts Kamsarmax weighted average TCE Index (KMAX 9). 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.

Peter Norfolk, Editorial Director, Global Shipping & Freight, S&P Global Platts said: "For too long, the huge and rapidly expanding Asia Pacific dry bulk freight market has lacked a relevant pricing index that reflects the market fundamentals of the region. Changing supply-demand dynamics present new trading opportunities, with market participants needing to hedge their exposure based on actual trade flows of Supramax class dry bulk vessels in the Eastern hemisphere. The new APSI 5 Index helps shed light on an increasingly important region by giving market participants a transparent view of the economics of Supramax freight, catering to their unmet needs."

The new Platts APSI 5 Index is designed 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.

Supramax ships in Asia Pacific typically remain within the region and the associated flows depend significantly on triangulation, which helps to minimize ballast time as well as boost tonnage utilization and earnings.

About APSI 5 Index

Platts APSI 5 is derived by applying an allocated weighting to the daily Time Charter Equivalent (TCE) assessments of five key voyages. Weighting for the individual TCE assessments is determined by the volume of Supramax vessel movements observed between the regions associated with the respective voyages over Jan 1, 2017 to Dec 31, 2019 from Platts' vessel tracking 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 Supramax 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 Supramax 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.

- The new index reflects important vessel flows that include the movement of wide-ranging commodities such as coal, nickel ore, limestone, dolomite, gypsum, aggregates, fertilizers, met-coke, bauxite, spodumene, iron ore, bauxite, manganese, grains and sugar.
- Captures Supramax trade in the Pacific, Southeast Asia, Indian Ocean and the Persian Gulf extensively. The five key voyages include:
  - Newcastle, Australia-Campha, Vietnam
  - Kalimantan, Indonesia-Paradip, India
  - E Kalimantan, Indonesia-Guangzhou, China
  - Richards Bay, South Africa-Paradip, India
  - Mina Saqr, UAE-Paradip, India
- Reflects changing trade flows and supply-demand dynamics.

Additional details about the S&P Global Platts APSI 5 Index assessment methodology can be found in the Subscriber Note.

The Platts freight Time Charter Equivalent Weighted Average Index will be made freely available on the website until the end of 2021 and can be accessed here.

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