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S&P Global Platts to reflect WTI Midland in Dated Brent

- Following extensive consultation Dated Brent Complex to be Assessed on CIF Rotterdam basis
- WTI Midland is a Core Part of the North Sea Oil Market and a Baseload Grade for European Refiners

LONDON, Feb. 22, 2021 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information and benchmark prices for the commodities and energy markets, announced that it will reflect WTI Midland in Dated Brent and its related components, and that the benchmark complex will be amended to a delivered Rotterdam basis. These changes, which include Cash BFOE (Brent/Ninan Blend, Forties, Oseberg, Ekofisk, Troll and WTI Midland) will become effective fromJuly 2022 cargo deliveries.

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Vera Blei, Head of Oil Markets Price Reporting, S&P Global Platts said:"Following extensive feedback and engagement with market participants, we are pleased to announce this important decision as part of our active stewardship of Dated Brent, which is the world's most important oil benchmark. During the consultation, we heard widespread support on the addition of WTI Midland to the basket of crudes reflected in Dated Brent and for keeping strong connectivity to the forward Cash BFOE contract. We have also acted on strong feedback supporting a simplified fully delivered CIF assessment method that will better reflect the evolution of flows into Northwest Europe. These changes provide significant additional volume and will ensure the continued robustness of the Brent complex for the next decade and beyond".

With daily export volumes of over 1 million barrels per day (b/d), WTI Midland is now a baseload grade for the European trading community and its refiners. It has become a core part of the North Sea oil market with similar characteristics to the rest of the five grades – Brent/Ninian, Forties, Oseberg, Ekofisk, and Troll that make up the basket.

Since October 2019, Platts has incorporated the fives grades that make up the Dated Brent complex on a delivered Cost, Insurance & Freight (CIF) Rotterdam basis and these delivered volumes now regularly help to define the assessment. Both the inclusion of WTI Midland and the move to a fully-delivered benchmark better reflect the recent evolution of the European crude oil market. By focusing on a delivery hub and removing the complexity of freight adjustments, the change will create a more simplified benchmark that better reflects the broad range of crudes that price against Dated Brent.

"The steps we took at the start of 2019 to reflect competitive CIF Rotterdam offers of grades within the Dated Brent complex enabled them to play the fullest possible role in establishing the value of the benchmark and also paved the way for the inclusion of grades from outside the North Sea, such as WTI Midland. The move to make the Dated Brent complex fully-delivered will simplify the assessment process for market participants," **added Joel Hanley, Head of Crude & Fuel Oil Pricing, S&P Global Platts.** "We recognize that a new set of trading terms will be required to underpin Cash BFOE deals on a delivered basis and we will organize targeted industry workshops to define these contractual arrangements over the next three months".

The schedule and details for the industry workshops to investigate and specify Cash BFOE contractual arrangements will be released shortly, with the first session being held online on March 3, 2021.

Full Details of the subscriber note are here.

Notes to editors

WTI Midland is a light, sweet crude oil with a typical average monthly export volume of 1.078 million barrels per day during 2020, of which around 443,000 b/d arrived in Europe. WTI Midland is typically sold into Europe on a delivered basis.

S&P Global Platts currently assesses cargoes of WTI Midland for delivery DAP basis Rotterdam. In line with other grades already in the Dated Brent benchmark, Platts will launch an assessment of WTI Midland on a CIF Rotterdam basis ahead of implementation.

Platts will reflect bids, offers and transactions of Cash BFOE where the buyer is willing to accept a cargo of delivered Brent/Ninian, Forties, Oseberg, Ekofisk, Troll, or WTI Midland on a delivered basis from July 2022.

Trading in the forward Cash BFOE market is typically governed by the Shell UK 1990 (SUKO 90) terms, which refer to cargoes being delivered on a free-on-board (FOB) basis. Platts is aware that a new set of trading terms will be required to underpin Cash BFOE deals on a delivered basis and will organize a targeted industry working group to investigate and specify these contractual arrangements.

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