

S&P Global Platts Launches LNG-Fueled TCEs, Newcastlemax Weighted Index

World's first Index, TCEs capturing alternative fuel in dry bulk freight market indexes

SINGAPORE, Feb. 10, 2022 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information, analytics and benchmark prices for the commodities and energy markets, has launched time charter equivalent (TCE) assessments for 209,000 dwt Newcastlemax class dry bulk ships using LNG as bunker fuel on six key routes and a ton-mile weighted average index named NMAX GT4, effective February 3, 2022.

The launch of these assessments comes in the wake of growing efforts by the shipping industry to embrace alternative fuels to reduce greenhouse gas (GHG) emissions.

According to a study commissioned by industry coalition SEA-LNG and The Society for Gas as a Marine Fuel (SGMF), using LNG as a marine fuel could help cut GHG emissions by 21% compared with oil-based marine fuels over the entire life cycle of a commodity cargo. The use of LNG curtails pollutants such as sulfur oxide (SOx), nitrogen oxide (NOx) and particulate matters.

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Peter Norfolk, Editorial Director, Global Shipping & Freight, S&P

Global Platts said: "The International Maritime Organization has set targets to cut total GHG emissions annually by 50% through 2050 compared with 2008 and reduce CO2 emissions by 40% by 2030. Newbuilding orders for LNG-fueled vessels are growing and LNG bunkering facilities are increasing at a frenetic pace. Initiatives such as The Sea Cargo Charter are pushing owners to embrace decarbonization and sustainability. The market needs freight assessments based on alternative fuels, hence we are delighted to launch the world's first LNG-fueled dry bulk index and TCE assessments."

NMAX GT4 is the dry bulk freight market's first alternative-fuel based weighted average index capturing the global trade on Newcastlemax bulkers, reflecting an important segment of the global dry bulk market that is expected to evolve in future. Presently, there are 20 LNG-powered Newcastlemaxes on order, according to shipping industry executives, with several shipowners considering the purchase of this class of LNG-fueled bulkers in future. Two LNG-powered Capesize vessels are currently in operation, while the first of the larger Newcastlemax class ships is expected to be commissioned during early 2022. Currently, 141 ports offer LNG bunkering globally.

The LNG-fuel based TCEs offer participants the option of either a basket of routes via the Index or individual TCEs. The NMAX GT4 on February 3 was assessed at \$3,440/day and on February 4 at \$1,305/day.

The new assessments enhance Platts' dry bulk freight market offering and complement the earlier launches of the Platts Capesize weighted average TCE Index (Cape T4), Platts Kamsarmax weighted average TCE Index (KAMX 9), Platts Asia Pacific Supramax weighted average TCE Index (APSI 5) and Platts Asia Pacific Ultramax weighted average TCE Index (APUI 5).

About NMAX GT4 Index

Platts NMAX GT4 is based on an allocated weighting to the daily Time Charter Equivalent (TCE) assessments of four key voyages. Weighting for the individual TCE assessments is determined by the volume of Newcastlemax/Capesize 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 Newcastlemax/Capesize 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 Newcastlemax TCE assessments (\$/day) are derived from related Capesize voyage charter prices (\$/mt).

The routes were selected based on extensive market engagement around the world including ship owners,

charterers, and ship brokers - and backed up by the trade flow observed on Platts cFlow.

Voyage Weighting (%)

Port Hedland, Western Australia - Qingdao, China	46%
Tubarao, Brazil - Qingdao, China	45%
Saldanha Bay, South Africa - Qingdao, China	6%
Puerto Bolivar, Colombia - Rotterdam, Netherlands	3%

Additional details about the S&P Global Platts NMAX GT4 Index assessment methodology can be found in the [Subscriber Note](#).

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