



For which regions do you provide LNG prices?

ICIS Heren provides daily prices for spot LNG delivered into Asia, the Middle East, Europe, South America and the USA.

Prices are available for 21 delivery locations. Ten load ports (free on board) and reload ports are available.

Five regional indices are available for spot, delivered, LNG:

- EAX (East Asia Index)
- SAX (South America Index)
- MDX (Mediterranean Index)
- NEX (Northwest Europe Index)
- IBX (Iberia Index)

What is the EAX?

The EAX is the tradable price for spot LNG delivered into the East Asia region on the day of publication. It stands for East Asia Index.

It is a calculated average of ICIS Heren assessments for delivery into Japan, South Korea, Taiwan and China.

The EAX is published every UK weekday.

What is a spot LNG assessment?

The assessments represent the price most likely to trade, on the day of publication, for a cargo delivered or loaded in the published time window at each listed location. This can also be expressed as “fair value” for these delivery windows.

Spot LNG still only trades sporadically for some of these pricing points. In the absence of deals, we use bids and offers we gather from the market to make assessments, but bringing our knowledge of the market to bear on this information, rather than just aggregating it. For example,

we will give more credence to bid or offer information submitted by sources we know have access to physical cargoes or a real demand requirement.

Fair value is typically assessed between the highest bid and the lowest offer. In the absence of bid/offer information, reporters analyse other market information to make assessments. They use their knowledge of price spreads with neighbouring markets. They use knowledge of the domestic inland demand and pricing situation. They also use team-wide knowledge of the global availability of spot cargoes for sale, to assess fair value for that market.

Where does ICIS Heren get its information from for the assessments?

The editorial team speaks to a wide cross section of buyers, sellers, traders, brokers and shippers to gather pricing information every day. Typically, our team of reporters speaks to 90-100 sources specifically about spot prices each week.

As the market is truly global, pricing information from Asia, the Middle East, Europe and the Americas is shared across the team every day to ensure the most accurate assessments.

The published prices for a country never solely reflect a single buyer's point of view, for example. Information is also gathered from international sellers and buyers in neighbouring regions, which feeds into the final assessment.

Our LNG staff are located in Singapore, China, London, Greece and Houston.



Will a done deal always set the assessment price?

No. In some instances, discovery of a deal done will not be the primary factor in setting the assessment price. If ICIS Heren reporters discover the deal had particular conditions attached to it that render it unrepeatable for example, it may not be fully reflected in the assessment.

If a deal is discovered one day or more after it has transacted, the price of the deal may be stale. In this case, current bids and offers on the market will be setting the DES assessment on the day of publication, rather than the deal discovered. The deal may be published for information purposes only.

Why do you generate the EAX (East Asia Index) from four separate assessments?

All four key markets in the region – Japan, South Korea, Taiwan and China – regularly trade at distinct prices. Although they can converge, they also frequently diverge, driven by the demand dynamics within those countries. The markets are only physically connected by LNG trade and have large and growing internal gas demand, which has distinct characteristics. Nor are there internal trading markets, providing the opportunity for virtual arbitrage. LNG trade is not liquid or efficient enough to “smooth out” domestic supply/demand differences between the four countries.

The LNG transport differential between the markets does not account for these pricing differences in practice. It is therefore misleading to try to “normalise” one market to another by applying a freight cost.

At times when more than one of these markets is trading, it becomes misleading to try to assess them all in one number.

ICIS Heren recognises, however, a need for a single market indication for the region, which is why we publish the East Asia Index.

In a relatively immature market, we feel it is important that any benchmark price is as transparent and robust as possible – that is why all four DES market inputs are clearly published underneath the EAX every day.

Is it possible to weight the four DES markets according to volume when calculating the EAX?

Putting a number on the amount of spot deals to be done into any one of the four markets that make up the EAX (East Asia Index) is a subjective exercise. While it is possible to carry out a fairly precise estimate of the volume of genuinely spot-traded LNG historically, the EAX is a forwards price. Any projection of historical values forwards is essentially a forecast and may prove to be highly inaccurate. This is particularly true as unforeseen events, such as the Japanese earthquake and tsunami, can radically alter historic patterns in the balance of spot volumes.

Market feedback indicated that bringing such a subjective and unpredictable element into the price discovery process would be unwelcome.

Does ICIS Heren publish a forward curve for LNG?

Yes, but for two months ahead only. Most spot LNG trade takes place for delivery from one to six months ahead, with trade typically concentrating in the period from four to 12 weeks ahead. This short, more active, window is the period assessed by ICIS Heren in LNG Markets Daily.

If market liquidity develops further forwards, ICIS Heren will extend its forwards curve assessments to reflect that trade.



Can I see a price history for all the ICIS Heren assessments and Indices?

Yes. DES assessments, indices (including EAX), FOB and FOB reload prices have a history going back to June 2010, when LNG Markets Daily was launched. Weekly Asian assessments, as published in Global LNG Markets are also available as far back as February 2008.

Subscribers to Global LNG Markets also have access to a history of spot deals done. All data is available as an FTP feed.

Why do companies use ICIS Heren prices as benchmarks?

ICIS Heren is the most widely used gas price benchmark provider for Europe. We have the longest history of proprietary European gas market prices and global LNG spot market prices. We are considered to be pioneers in bringing transparency to new markets.

We also have a large global, specialised, LNG reporting team and European gas reporting team. There are 34 editorial staff working on these commodities alone, 10 of whom specialise in LNG.

ICIS Heren gas prices are already referenced in a wide variety of long-term and short-term contracts, floating spot price deals and retail products across Europe. They are used by governments and regulators in Europe.

Methodologies for all ICIS Heren prices are publicly available <http://www.icis.com/about/methodology/>

ICIS Heren gas prices are trusted because the company upholds the highest standards of editorial integrity and accuracy and has the highest degree of specialisation in this commodity.

ICIS Heren is owned by Reed Business Information, a division of Reed Elsevier, and adheres to a rigorous code of conduct in all of its activities. Reed Elsevier is a FTSE 100 company.

What other LNG information can I get from ICIS Heren?

At ICIS Heren, we provide expert coverage of the LNG industry, bringing you the latest pricing information and breaking news on market developments.

As well as the daily LNG publication, with features listed below, the weekly LNG publication (Global LNG Markets) provides articles, analysis and comment on the longer term trends in the industry.

Global LNG Markets also provides a detailed list of spot FOB and DES trades from the past 3 months, with counterparty details where available.

The publication contains ICIS Heren northwest European pipeline contract prices and Japanese LNG contract prices, modelled forwards for 6 months.

In addition, ICIS Heren's proprietary prices for spot delivery and transport are fed into a shipping and netback model, to give shipping costs and price netbacks for 168 routes in every edition.

All of this data is available for download via our FTP service. A full online archive of all LNG stories is accessible as part of the report subscription.



LNG Markets Daily coverage provides readers with:

- Regional Indices for spot LNG at 5 major LNG import areas
- Spot price assessments for the world's 21 busiest cargo-receiving destinations
- A list of current bids and offers for spot cargoes in East Asia updated daily
- A list of the five most recent spot transactions (full deals list available with the weekly publication).
- Half month price assessments for East Asia DES.
- FOB assessments for eight producing regions
- FOB assessments for the busiest LNG reload terminals
- Prompt and long term charter rate assessments
- Details of available vessels for charter with specific date windows
- Daily price spreads between all LNG delivery locations and the key ICIS Heren benchmarks for the NBP (Britain) and EAX (East Asia Index)
- A spot market comment breaking news of the latest tenders, deals and negotiations
- News articles covering the events moving spot prices. Available real-time online as well as in the PDF report.
- A full online archive of all LNG stories
- Daily commentary on the NBP and Henry Hub markets
- Historical price data starting from June 2010



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