

# FAQ: Southeast Asia (basis Java) delivered milling wheat pricing

## Who is Argus?

Argus is one of the world's leading price reporting agencies, with over 50 years' experience in the commodities markets. Argus price data are used to settle many financial contracts listed on major global exchanges. Companies in 140 countries use Argus data to index physical trade and as benchmarks in financial derivatives markets, as well as for analysis and planning purposes.

Argus moved into the agricultural markets in 2020 with the acquisition of French market advisory firm Agritel. Argus provides daily, weekly and monthly market intelligence, price discovery and supply and demand forecasting for the global grains, oilseeds and vegoils markets, helping market participants navigate these increasingly turbulent times.

## What is Argus doing in the southeast Asian milling wheat market?

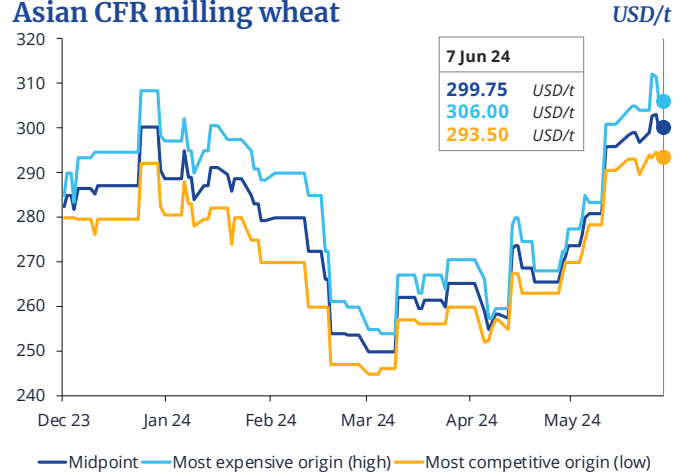
Argus has launched a daily price assessment for the southeast Asian standard milling wheat market on a cfr Java, Indonesia basis. The index launched in August and has been developed in close consultation with market participants, including consumers, trading companies, originators and brokers. Contributions from a wide pool of sources across the supply chain ensure that the index reflects fair market value, providing the market with a relevant and trusted price benchmark.

In order to provide the market with maximum price transparency, Argus has chosen to publish the price range that the mid-point price is derived from. **The low represents the most competitive origin pricing into southeast Asia, whilst the high is the most expensive origin.** The price range therefore captures the **full spectrum of low protein product** recently available in the market, and will adjust according to changing market conditions. This is especially relevant when dealing with the Australian origin, which often commands a noticeable premium over other origins, due to various factors.

## Why now, and why a destination price?

Southeast Asia is one of the world's key milling wheat importing regions, with diverse trade flows coming from Australia, the Black Sea and the Americas, covering a wide range of specifications and qualities. Unlike North Africa and the Middle East, the southeast Asian region is not dominated by government wheat tenders. It is instead predominantly a private importing market, making price discovery in the region especially challenging.

## Argus southeast Asian CFR milling wheat



### Southeast Asia milling wheat prices (\$/t)

	Delivery	Low	High	Mid	±
Milling wheat cfr	Spot	293.50	306.00	299.75	0

\*7 June 2024

The Argus southeast Asia milling wheat index responds to growing demand for more price transparency and risk management tools in an increasingly volatile global grains market. Major geopolitical factors in the Black Sea region, as well as more extreme global weather events, mean that the traditional fob price benchmarks for the global grains markets are coming under pressure from more frequent illiquidity and volatility.

The Argus multi-origin destination index has been designed with the specific aim of offering market participants a liquid year-round price reflective of milling wheat available for shipment into southeast Asia from key origin markets globally.

## What methodology underpins the pricing?

Argus has worked closely with global grains market participants across the supply chain to develop the delivered southeast Asia milling wheat index. While the index represents standard milling wheat flows into southeast Asia, Java ports in Indonesia form the basis for the index. This was carefully selected to ensure that the market knows exactly what it is transacting on, allowing for basis markets to be priced off the index, and enabling market participants to clearly identify spread opportunities.

## How can I use the pricing?

Whether you are on the buy side or the sell side of the market, the index can help you avoid protracted price negotiations, better protect margins, monitor price spreads, track opportunities, and benchmark yourself more effectively using an independent, third-party price reflective of fair market value. The index can be used in physical supply agreements and financial derivatives contracts, as well as for analysis and planning.

Location	Java, Indonesia. Information about trade at regional ports may be considered for inclusion in the assessment if deemed relevant to the price on a cfr Java basis.
Cargo size	25,000-65,000t. Information about larger or smaller cargoes may be considered for inclusion in the assessment if it is deemed relevant to the price of a standard cargo
Classes	The assessment does not include high-protein products such as Canadian Western Red Spring (CWRS) or Australian Premium White (APW) wheat used for mixing in southeast Asia and which commonly trade at a premium.
Timing	Market information received after 5:30pm UK time may not be considered for inclusion in the assessment.
Shipment period	30-75 days forward of the date of the assessment.

Since the index is priced as a range of highest and lowest origins pricing into the southeast Asian region, market participants have the flexibility to select a pricing point best suited to their needs. In the case of a financially settled derivative, the most relevant settlement mechanism might be the most competitive origin pricing into the region ,i.e., the low pricing point.

## How do I get in touch with Argus on the agricultural markets?

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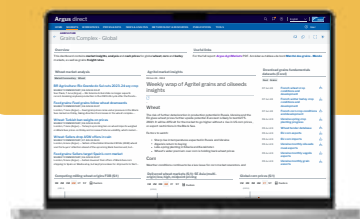
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