



# PRESS RELEASE

FOR IMMEDIATE RELEASE

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## TANKER DERIVATIVE TRADERS MOVE TO DOLLAR PER TONNE SETTLEMENT

Tanker freight derivative traders meeting at the Freight Market Information Users' group at the Baltic Exchange yesterday (17 November 2011) agreed that from the New Year all Tanker FFA contracts which are traded in Worldscale would be converted to a dollar per metric tonne (\$/MT) price when presented to the clearing houses. The move is designed to help spur trading and follows a successful transition of most trading of FFAs from Worldscale to \$/MT. It will allow traders who prefer to continue to quote trade in Worldscale for near-dated contracts to execute against \$/MT prices from counterparties.

A working group was formed to resolve some details of future market practice.

Traders are already pricing contracts for settlement on a \$/MT basis for trades which settle in the next and subsequent calendar years, and the decision removes the uncertainty faced by the market when using the Worldscale points based system. With the calculation of Worldscale flat rates changing at the end of each year to reflect movements in bunker prices, port costs and exchange rates, and occasional ad hoc changes during the year, uncertainty about the future flat rate has been a problem for derivative traders in the past.

The move does not in any way affect the use of Worldscale in the physical market and the Baltic Exchange will continue to provide its daily index tanker assessments on a Worldscale basis.

**ENDS**

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**Notes to editors**

## **The Baltic Exchange**

The Baltic Exchange publishes daily freight rate assessments for 29 tanker routes covering vessels between 30K to 280K mt.

The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative contracts. Its international community of over 600 members encompasses the majority of world shipping interests and commits to a code of business conduct overseen by the Baltic.

Baltic Exchange members are responsible for a large proportion of all dry cargo and tanker fixtures as well as the sale and purchase of merchant vessels.

### **Baltic Exchange services**

- Independent, high quality dry, wet and gas freight market information
- Self-regulated chartering, sale and purchase and freight derivatives markets
- Central forum for competing freight market interests
- Framework ensuring high standards of business practice and co-operation
- London-based business facilities for members