Japanese Demand May Fuel American Natural Gas Prices
Increasing crude oil production in Canada, supported by transportation infrastructure expansion in the U.S., is slowly emerging into a new market with more trading activities and new data products. Asia, with its high demand for fossil fuels, is another attractive target for exchanges and data vendors.

Editorial

Datawatch

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Japanese Demand May Fuel American Natural Gas Prices

Researched by Industrial Info Resources (Sugar Land, Texas) - With its nuclear fleet's uncertain future, the world's largest importer of liquefied natural gas (LNG), Japan, is turning towards natural gas as its power generation fuel of choice for the mid-term. In an effort to encourage development among small-size power producers, Japan is considering a new pipeline project reaching from Sendai in the tsunami-blasted northeastern region of the main island, Honshu, to the northern end of Kyushu, which lies off the most southwestern tip of Honshu. To meet this demand for natural gas, the U.S. has two new export-oriented terminals in development on the west coast with a total planned export capacity of over 2 billion cubic feet per day (bcf/d).

Selling the overabundant American natural gas to foreign markets may help boost prices on a foundering resource.
Fossil fuels remain a hot topic in industry news. Crude oil, on a wave of price high volatility, and with a sustained, though slowly narrowing spread between European and North American benchmarks (as shown in Figure 1), and growing production in North America and economic instability in Europe, gains more attention from market observers.

Receding WTI prices, lingering for a year and a half on levels much below those of Brent, have been good news for consumers, despite being a concern for producers who have been losing hefty margins. It has been almost universally accepted that the main reason for such disparity is growing production restrained by a shortage of transportation capacity carrying loads to the U.S. Gulf Coast. Hence, the efforts were put together to remove this bottleneck. In mid-May, Enterprise Products Partners and Enbridge announced that modifications to the Seaway Pipeline to reverse the flow and increase capacity have been completed and the pipeline started accepting crude oil at Cushing for further transport to U.S. Gulf Coast refineries. The first delivery took place on June 6.

Nevertheless, increased capacity did not create sufficient upward pressure for WTI prices even though its $20/Bbl sliding slope since April 2012 decelerated in June. A continuously growing supply from the North has been blamed for this. The increased pipeline capacity made the Gulf Coast refineries more accessible to Canadian oil and created an incentive for them to increase overall oil sand production. Meanwhile, a surplus of Canadian fuel resulted in Western Canadian Select (WCS) being traded at a significant discount to WTI. The spread between WTI and WCS (as shown in Figure 2) increased since May by $10/Bbl, reaching around $25/Bbl.

It is expected that the addition of the Cushing Marketlink pipeline, which would carry crude to Port Arthur, Texas, from the Oklahoma hub as a part of the TransCanada Keystone Gulf Coast Expansion Project, as well as a further increase of capacity of Seaway Pipeline Twin by 2013-2014, will provide a substantial support for Canadian oil. Whether it will be of any assistance to the oil producers by lifting oil prices is yet to be seen, but one thing is guaranteed: trade volumes of WSC will continue increasing. The EIA International Energy Outlook 2011 rates Canada as having the third largest oil reserves in the world comprising 11.91% of the world total following Saudi Arabia and Venezuela. In all five oil price cases developed by EIA, Canada’s bitumen (oil sands) production makes up more than 40% of total non-OPEC unconventional production.

An expected, reaction to the growing share of Canadian grade from data providers, which emerged several months ago and has recently gained more momentum, is the introduction of derivatives and assessments for Canadian crude. Last month, this transpired into Canadian Synthetic Oil Index Futures launched by CME, as well as Canadian Crude Assessment for Cushing developed by Argus. As more trading activities continue taking place in the emerging Canadian oil market, we will see an increasing number of derivatives and other data products.

In the In-Depth section, we continue our examination of ever increasing shale gas production, LNG exports and related changes in various industry sectors. In this issue, the IIR Energy article looks at the growing natural gas demand in Japan and the U.S. role in meeting this demand through LNG exports. Growing demand for fossil fuels in Asian markets get more support from data providers. CME added jet crack spreads for Singapore. ICE came up with a list of new derivatives on gasoil and jet kerosene for Singapore, as well as LNG swap on Japan-Korea marker. Platts launched assessments for different petroleum products in Japan, China, Indonesia and Singapore. China, being the world’s second largest oil consumer, announced its decision to introduce crude oil-based securities in 2012. With a traditional Chinese expanse, it was stated that the nation will join the world leaders in crude futures trading.

Olga Gorstenko
ICE Launches OTC Contracts for NEPool and NI Hub

On May 18, 2012, ICE launched new OTC contracts for North American power developed mostly for NEPOOL:

<table>
<thead>
<tr>
<th>ICE Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>NOO</td>
<td>NI Hub RT Peak Daily Swap</td>
</tr>
<tr>
<td>NOO</td>
<td>NI Hub RT Peak Daily Options (Lookback)</td>
</tr>
<tr>
<td>NEP</td>
<td>NEpool MH DA Peak Monthly Option</td>
</tr>
<tr>
<td>NOP</td>
<td>NEpool MH DA Off-Peak Monthly Option</td>
</tr>
<tr>
<td>NOC</td>
<td>NEpool MH DA Off-Peak Cal 1 x Fixed Price Swap</td>
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<tr>
<td>NOC</td>
<td>NEpool MH DA Off-Peak Cal 1 x Option</td>
</tr>
<tr>
<td>NEX</td>
<td>NEPool Cal 1x Fixed Price Swap</td>
</tr>
<tr>
<td>NEX</td>
<td>NEPool Cal 1x Option</td>
</tr>
</tbody>
</table>

For NEP contract specifications, click [here](#).
For NOP contract specifications, click [here](#).
For NOC contract specifications, click [here](#).
For NEX contract specifications, click [here](#).

APX Adds PJM Market Solutions

APX is expanding its Software-as-a-Service (SaaS) model for PJM. The new service offers tools for data harvesting and reporting:

- Centralized access to PJM private and public data in one report for comparing versions of PJM settlement data
- Collection of PJM source files pulled from various PJM systems including MSRS, eMKT, eSchedules, eDataFeed and eMTR
- Cross-market user interfaces and reports with Excel download capabilities or access through programmatic APX Web Services.

APX Supports CAISO Non-Generator Resources Project

APX announced its technical support of the CAISO’s announcement to hold Market Simulations this summer for new Non-Generating Resources products (energy storage and demand response resources) in the California market. APX solutions include the following:

**APX MarketOps**
- CAISO 24/7 Real-Time Agent Services to address ISO related scheduling and dispatch activities
- Counterparty Transaction Management
- Helpdesk Services

**APX MarketSuite**
- CAISO Scheduling
  - Easily prepare, submit and confirm schedules, bids and offers
  - View summary and detailed information for all transactions in the APX Checkout application
  - Manage resource parameters
- CAISO Settlement
  - Conveniently access CAISO awards, expected energy, meter data, prices and settlement details in user friendly reports

- Compare settlement data across versions
- Validate CAISO settlement amounts using estimated amounts in the standard reports
- Recordkeeping of original data and source files for potential disputes

To learn more about the program, click [here](#).

Tradition Brokers Turkish Physical Power

On May 15, 2012, Tradition brokered the first Turkish Physical Power deal on Central and Eastern Power Desk for 5MW of June 12 Baseload. The trade, which was arranged by telephone, enhances Tradition’s position in Central Eastern Europe and will initiate further trading opportunities for both Turkish and International companies in the area. Tradition is planning to automate trade execution with development of generic products.
CME Lists Canadian Sweet Synthetic Oil Index Futures

On June 4, 2012, CME started listing annual Canadian Sweet Synthetic Oil (Net Energy) Index Futures for the current year and the next four years. The Index Price for each contract month is equal to the average of the Net Energy Canadian Daily Index for sweet synthetic crude oil during the pricing period for the contract month. The trading venues are CME ClearPort and Open Outcry. These contracts are listed with, and subject to, the rules and regulations of NYMEX.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>CSN</td>
<td>Canadian Sweet Synthetic Oil (Net Energy) Index Futures</td>
</tr>
</tbody>
</table>

For CSN contract specifications, click here

New contract will be a valuable addition to already existing CME Canadian Heavy Oil contract shown in example below:

CME Lists Two New Singapore Jet Crack Spreads

On May 21, 2012, CME listed two new financially-settled monthly Singapore Jet Kerosene (Platts) Swap Futures for twelve consecutive calendar months from May 2012 to April 2013. The trading venues are CME ClearPort and NYMEX Trading Floor.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>KSD</td>
<td>Singapore Jet Kerosene (Platts) Dubai Crack Spread Swap Futures</td>
</tr>
<tr>
<td>DRK</td>
<td>Singapore Jet Kerosene (Platts) vs. DME Oman Crude Oil Swap Futures</td>
</tr>
</tbody>
</table>

For KSD contract specifications, click here
For DRK contract specifications, click here

As shown in the example below, Singapore Jet Kerosene Spread (Platts) BALMO Swap Future contract has been has been traded on CME:

*Graph created with ZEMA*
ICE Launches LNG Swap on the Japan-Korea Marker

On June 1, 2012, ICE announced the upcoming launch of a new LNG cleared swap contract based on the Platts daily assessment for the Japan/Korea Marker (JKM). Introduced in 2009, the Platts JKM reflects the daily open-market value of spot LNG delivered to Japan and South Korea on a day-to-day basis. JKM has since become a benchmark reference in the industry for calculating price differentials for Asia-Pacific supply source and destination markets while increasingly being used in outright contract pricing.

The new OTC swap contract, which is subject to regulatory review and approval, will be cash-settled on a monthly basis in U.S. Dollar starting August 2012. The contract size will be 10,000 Million Metric British Thermal Units and 24 consecutive contract months.

ICE Launches Contracts for NGL and Oil

On May 18, 2012, ICE launched new OTC contracts for natural gas liquids (NGLs), oil and refined petroleum products. With this announcement, ICE offers over 730 cleared OTC energy contracts. The new contracts are:

<table>
<thead>
<tr>
<th>ICE Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISC</td>
<td>Isobutane, Conway, FP for OPIS Swap</td>
</tr>
<tr>
<td>NBI</td>
<td>N-BUTISO, Mt Belvieu - ENT FP for OPIS Average Price Option</td>
</tr>
<tr>
<td>NGE</td>
<td>Natgaso, Mt Belvieu - ENT FP for OPIS Average Price Option</td>
</tr>
<tr>
<td>PRC</td>
<td>Propane, Conway - FP for OPIS Average Price Option</td>
</tr>
<tr>
<td>LJF-LKJ</td>
<td>Natural Gasoline, Conway, FP for OPIS Balmo Swap</td>
</tr>
<tr>
<td>LKK-LLO</td>
<td>N-BUT-D Conway, FP for OPIS Balmo Swap</td>
</tr>
<tr>
<td>LRR-LSR</td>
<td>N-BUTREF, Mt Belvieu - LST FP for OPIS Balmo Swap</td>
</tr>
<tr>
<td>NGW</td>
<td>MT.B-ENT Natgaso (OPIS) vs. Crude - WTI 1st line Swap</td>
</tr>
<tr>
<td>ISL</td>
<td>Isobutane, MT.B-LST, FP for OPIS Swap</td>
</tr>
<tr>
<td>NGL</td>
<td>Natgaso, Mt Belvieu - LST FP for OPIS</td>
</tr>
<tr>
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<td>NI Hub RT Peak Daily Swap</td>
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<tr>
<td>NOS</td>
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</tr>
<tr>
<td>NEX</td>
<td>NEPool Cal 1x Fixed Price Swap</td>
</tr>
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<td>NEX</td>
<td>NEPool Cal 1x Option</td>
</tr>
<tr>
<td>GUU</td>
<td>USGC ULSD vs Brent 1st Line Swap</td>
</tr>
<tr>
<td>GUU</td>
<td>USGC ULSD vs WTI 1st Line Swap</td>
</tr>
<tr>
<td>GUX</td>
<td>USGC ULSD vs LSGO 1st Line Swap</td>
</tr>
<tr>
<td>GUY</td>
<td>USGC ULSD vs Gasoil 1st Line Swap</td>
</tr>
<tr>
<td>SW5</td>
<td>Singapore Gasoil 0.05% Swap</td>
</tr>
<tr>
<td>VXX-VYG</td>
<td>Singapore Gasoil 0.05% Balmo Swap</td>
</tr>
<tr>
<td>SVW</td>
<td>Singapore Jet Kero vs Singapore Gasoil 0.05% Swap</td>
</tr>
<tr>
<td>SWV</td>
<td>Singapore Gasoil 0.05% vs Gasoil 1st Line Swap (Bbls)</td>
</tr>
<tr>
<td>GSW</td>
<td>Singapore 10ppm Gasoil vs Singapore Gasoil 0.05% Swap</td>
</tr>
<tr>
<td>SWW</td>
<td>Singapore Gasoil 0.05% vs Low Sulphur Gasoil 1st Line Swap (Bbls)</td>
</tr>
</tbody>
</table>

ICE Lists Heating Oil/WTI Futures Crack

On June 13, 2012, ICE listed Heating Oil/West Texas Intermediate (WTI) Futures Crack. Trading the spread between ICE Heating Oil Futures and ICE WTI Futures will result in two separate positions in the underlying futures legs: a long position in ICE Heating Oil Futures and a short position in ICE WTI Futures. ICE Heating Oil Futures contract is cash settled against the prevailing market price for Heating Oil in New York Harbor while ICE WTI Futures settlement is cash settled against the prevailing market price for US light sweet crude. The contact is in US dollars per barrel. The clearing venue is ICE Clear Europe.

<table>
<thead>
<tr>
<th>IC Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>IFEU</td>
<td>ICE Heating Oil/WTI Futures Crack</td>
</tr>
</tbody>
</table>

For contract specifications, click here

The new contract is a valuable addition to already existing ICE Heating Oil Future Contracts shown in the example below.

Data Source: ICE*
Argus Launches a USD Ethanol Price Assessment

On June 1, 2012, Argus launched a new ethanol price assessment that is expressed as a differential to gasoline in US dollars per tonne. This assessment is in addition to the existing ethanol price assessment in euros per cubic meter. Argus added the assessment for T2 ethanol at Rotterdam, which aims to help market participants to assess the price of ethanol relative to the price of gasoline. Market participants are now able to use the gasoline swap market to manage part of their ethanol price risk. As oil markets are going through a sensitive time yielding price volatility, the new ethanol price assessment could serve ethanol producers and oil companies as a vehicle for price hedging and risk management.

Argus: Canadian Crude Assessment for Cushing

On June 1, 2012, Argus launched coverage of the rapidly growing Western Canadian Select (WCS) crude. Argus publishes an assessment of the WCS price at Cushing from the beginning of June while the Canadian grade officially begins its trade the following month, July.

In mid-May, the Enbridge and Enterprise-owned Seaway pipeline started to transport an initial 150,000 b/d of crude from Cushing to the US Gulf coast while shipping incremental volumes of Canadian crude further south. Consequently, the increased supply at Cushing has led to the rapid emergence of a spot market for WCS over the last two months. Trade volumes are expected to rise in this spot market.

New Argus contract was added to already existing ethanol contracts shown in the graph below.

EEX Launches GASPOOL Season Contracts

Effective June 18, 2012, the European Energy Exchange (EEX) expanded the range of tradable maturities on the Natural Gas Derivatives Market. Market participants are expected to trade in GASPOOL Season Futures. Seasons are contracts comprising the delivery period from October to March (winter season) and the period from April to September (summer season). Futures with season contracts are developed to meet the market demand that demonstrates a 93 percent increase in natural gas trading volume from the summer season of 2011 (7.4 TWh) to 2012 (14.3 TWh), GASPOOL.

Monthly, Annual and quarterly GASPOOL contracts have been already traded on EEX. As shown in example below, monthly contract is more liquid, as trading for annual and quarterly contract did not occur frequently.

Platts to Launch Japan Gasoil Differential Assessment

Effective July 2, 2012, Platts announced a new assessment of the physical market differential for gasoil delivered to Japan on a C+F basis. The new assessment will reflect the value of gasoil trading as a premium or discount relative to the price published by Platts around the time of loading for gasoil on an FOB Singapore basis. The assessment will reflect 0.5% sulfur gasoil upon its launch in July, then migrate with all Platts 0.5% sulfur gasoil assessments to reflect 0.05% sulfur (500 ppm sulfur) from January 2, 2013.
Platts Proposes South China Jet Differential Assessment

Effective July 2, 2012, Platts plans to add a new assessment of the physical market differential for jet fuel delivered to South China on a C+F basis. This will reflect the value of jet fuel trading as a premium or discount relative to the price published by Platts around the time of loading for jet fuel on an FOB Singapore basis.

The assessment will be disseminated on Platts Global Alert, in Asia Pacific/Arab Gulf Marketscan, and in the Platts price assessment database.

Platts Proposes Singapore 2% Fuel Oil Differential

Effective July 2, 2012, Platts launches a new assessment of the physical market differential for 2% sulfur fuel oil cargoes loading from Singapore on an FOB basis. The differential assessment will reflect the value of medium sulfur fuel oil trading as a premium or discount relative to the price published by Platts around the time of loading for 180 CST high sulfur fuel oil on an FOB Singapore basis.

Platts will publish the new assessment on Platts Global Alert, in Asia Pacific/Arab Gulf Marketscan, and in the Platts price assessment database.

Platts to Launch LSWR Differential Assessment

Effective July 2, 2012, Platts plans to add a new assessment of the physical market differential for Low Sulfur Waxy Residue (LSWR) loading from Indonesia on an FOB basis. The differential assessment, to launch on July 2, 2012, will reflect the value of LSWR trading as a premium or discount relative to the price published by Platts around the time of loading for 180 CST high sulfur fuel oil around loading for cargoes loading from Singapore.

The new assessment will be published on Platts Global Alert, in Asia Pacific/Arab Gulf Marketscan, and in the Platts price assessment database.

Platts: JKM Forward Curve and Physical Half-Month Assessment

Effective June 1, 2012 Platts launches forward assessments of Japan/Korea Marker (JKM) LNG DES swaps activity, reflecting swaps based on the average of the front-line Platts JKM assessments and a standard clip size of 10,000 MMBtu, as well as larger clip sizes. The assessments are launched for one month forward from its physical JKM, two months forward, and three months forward.

The swap month begins on the 16th of the calendar month, which is the same time as the physical JKM assessment. In case the 16th of the calendar month falls on a weekend or a holiday, the swap months would roll forward on the next business day.

Subsequently, Platts launches another physical half-month assessment for LNG DES Japan/Korea, which extends the physical forward curve out one half-month. For example, on Friday, June 1, Platts will assess H1 July, H2 July, H1 August and H2 August, and the JKM will reflect the average of the July half-months.

Platts Launches New LPG Assessments in Asia

Effective August 1, 2012 Platts launches daily assessments for pressurized LPG cargoes delivered to the Philippines and to Vietnam, as well as LPG cargoes loading from East China and South China, and from Singapore. The new assessments reflect mixed cargoes of 1,800 – 2,500mt in size, containing 30% propane and 70% butane for loading 7-15 days after the date of assessment.

Platts considers cargoes for loading from main ports in South China, normalizing the value to Shenzhen. It also assesses cargoes for loading from main ports in East China, normalizing the value to Shanghai.

Additionally, Platts assesses cargoes for delivery to main ports in Philippines, normalizing the value to Bataan and cargoes for delivery to main ports in Vietnam, normalizing the value to Ho Chi Minh City.

All of the new LPG assessments reflect outright price assessments, and the premiums or discount for cargoes relative to the Saudi Aramco Contract Price that prevails at the time the cargo is delivered. They are published in Platts Global Alert on page 479, Petrochemicals Alert page 254, in LPGaswire, and in Platts’ market data services.

Platts Discontinues CFR China LPG Assessments

Effective November 1, 2012 Platts discontinues all existing CFR Shenzhen and Shanghai pressurized LPG assessments. The termination reflects China’s refinery expansions that resulted in China largely terminating imports of pressurized LPG and currently exporting pressurized cargoes.

Consequently, effective August 1, 2012 Platts launches a number of new LPG assessments for South and East China.
Platts to Discontinue China Oil Assessments

Effective July 1, 2012, Platts plans to discontinue a series of China oil assessments for Huangpu, Shanghai and Qingdao in keeping with the changes in trading patterns in those markets. The discontinuation of China oil assessments listed below will include the spread to MOPS and outright prices published in Yuan/mt and US$/mt. These assessments are currently published in Platts Asia-Pacific/Arab Gulf Marketscan and on Platts Global Alert pages 750, 770, 2028, and 2029. Also, Platts will discontinue South China weekly market commentary which is currently published on page 2040.

<table>
<thead>
<tr>
<th>Platts Assessment</th>
<th>Market</th>
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<tbody>
<tr>
<td>STS 3.5%(I)</td>
<td>Huangpu</td>
</tr>
<tr>
<td>STS 3.5%(D)ex-tax</td>
<td>Huangpu</td>
</tr>
<tr>
<td>STS 2.5%(D)ex-tax</td>
<td>Huangpu</td>
</tr>
<tr>
<td>FOB 3.5%(I)</td>
<td>Huangpu</td>
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<tr>
<td>FOB 3.5%(D)ex-tax</td>
<td>Huangpu</td>
</tr>
<tr>
<td>FOB 2.5%(D)ex-tax</td>
<td>Huangpu</td>
</tr>
<tr>
<td>C+F 2.5%(I)</td>
<td>Huangpu</td>
</tr>
<tr>
<td>FOB 3.5%(I)</td>
<td>Shanghai</td>
</tr>
<tr>
<td>FOB 3.5%(D)ex-tax</td>
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<tr>
<td>FOB 1.5%(I)</td>
<td>Shanghai</td>
</tr>
<tr>
<td>FOB 1.5%(D)ex-tax</td>
<td>Shanghai</td>
</tr>
<tr>
<td>FOB 1.5%(I) ex-tax</td>
<td>Shanghai</td>
</tr>
<tr>
<td>MOPS 180 CST 3-8 Days</td>
<td>Qingdao</td>
</tr>
<tr>
<td>MOPS 180 CST 15-35 Days</td>
<td>Qingdao</td>
</tr>
</tbody>
</table>

Separately, Platts will only publish assessments inclusive of the various applicable local taxes and fees for the Huangpu, Shanghai and Qingdao fuel oil markets with no ex-tax numbers.

Platts Delists US Off-Road Low Sulfur Diesel Assessments

On May 11, 2012, Platts announced its decision to discontinue the US Atlantic Coast and US Gulf Coast Colonial Pipeline 76 grade off-road low sulfur diesel assessment along with the Chicago Off-road Low Sulfur Diesel assessment, starting July 1, 2012.

ICE Amends Grade Specifications for Heating Oil Contracts

Effective June 4, 2012, ICE Futures Europe amends the underlying grade specification of the Heating Oil Futures and Options Contracts to Ultra Low Sulphur Diesel (ULSD) from May 2013. Following a bill passed by the Senate of New York State to limit the sulphur content of heating oil to a maximum of 15 parts per million (ppm) from 2,000 ppm starting July 2012, ICE will reference a ULSD 15 ppm grade quality. Furthermore, the exchange extends the contract month listings of ICE Futures New York Harbour Heating Oil Futures Contract (ICE Heating Oil Futures) from April 2013 to December 2014. The name of ICE Heating Oil Futures (Code ‘O’) will remain the same.

CME: Crude Oil vs. NYMEX Brent 25-Day (Platts) Spread

On June 18, 2012, CME listed Crude Oil vs. NYMEX Brent 25-Day (Platts) intercommodity futures spread for trading on CME Globex. This spread replaces the currently listed NYMEX Brent 25-Day (Platts) vs. Crude Oil intercommodity spread (CME Code: NBZ).

Amerex Launches US Coal Desk

On May 9, 2012, Amerex Brokers LLC announced the launch of the US Coal Desk to add to the already ran trades in power, natural gas and environmental commodities. Using Trayport®-powered hybrid trading technology to trade US centrally-cleared coal swaps, Amerex will reinforce their position in energy sector.

In an Amerex Press Release of May 9, 2012, Jim Moore, the newly appointed lead of the coal operations, said, “Amerex is focused on bringing liquidity and new counterparties to the business and we will work with coal producers, coal consumers and trading entities to utilize physical and financial products to hedge coal positions. We aim to make our markets available via Trayport and work to add value to the trading experience through our hybrid brokerage model.”

China to Launch Crude Oil Futures

On May 29, 2012, China announced plans to expand its influence over global pricing by launching global crude oil futures within the year and allowing global players to join in the trade. Wand Lihua, chairwoman of the Shanghai Futures Exchange (SHFE), said the bourse had already completed a draft proposal, which includes regulations on offshore trading, an oil benchmark, as well as related supervision rules. The process of recruitment of experienced professionals around the globe has already started.

China is faced with a few challenges, such as the limited convertibility of the Yuan; however, it is currently unknown whether futures contracts would be priced in the Yuan or the US Dollar. Additionally, Lin Boqiang, director of the Center for Energy Economics Research at Xiamen University, said that the development of a mature crude oil futures bourse may take at least five to 10 years.

Moreover, the continued control of State-owned refineries over crude oil imports might scare off potential investors. Although domestic private refineries comprise about 30% of the country’s oil refining capacity and are welcome to join in the futures trading, they currently do not have the privilege to import crude oil directly.
CME Lists Short-Dated Crop Options

Effective June 3, 2012, CME listed Short-Dated options on New Crop Corn and New Crop Soybean futures for the next trade date. Short-Dated New Crop Options are physical delivery American-style options on November Soybeans and December Corn with earlier expiry dates than the standard options on those contracts. The trading venues are NYMEX Trading Floor, CME ClearPort, and Globex. These contacts are listed with, and subject to, the rules and regulations of CBOT.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCD</td>
<td>Short-Dated Options on New Crop Corn Futures</td>
</tr>
<tr>
<td>OSD</td>
<td>Short-Dated Options on New Crop Soybean Futures</td>
</tr>
</tbody>
</table>

To see contract specifications, click here

CME: Implied Functionality for MGEX-CBOT Wheat Futures Spreads

Effective May 20, 2012, CME listed implied inter-exchange MGEX-CBOT Wheat futures spread for the following trade date. MGEX-CBOT Wheat Intercommodity spread option reflects the price difference between Hard Red Spring Wheat futures listed on Minneapolis Grain Exchange (MGX) of a specified month and Soft Red Winter Wheat futures price listed on the Chicago Board of Trade (CBOT) of the same period. This new product provides market participants with the opportunity to take advantage of price differentials between the classes of wheat (MGEX Wheat contains 13.5% higher protein on average). The trading venues are Globex, Floor and CME ClearPort. This contract is listed with, and subject to, the rules and regulations of CBOT.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWE</td>
<td>Implied Inter-Exchange MGEX-CBOT Futures Spread</td>
</tr>
</tbody>
</table>

To see contract specifications, click here

Platts Proposes Daily Assessments for European Steel

On June 1, 2012, Platts announced its plan to increase its European flat rolled steel market coverage with the proposed launch of a daily delivered duty paid (DDP) price assessment for hot-rolled and cold-rolled coils. Using current Platts-SBB EXW basis assessments and CFR import assessments as standards for normalization, Platts proposes to launch the new assessments in the second week of July.

The assessments are aimed to reflect the value of prime flat rolled steel products traded ex-stock (from mill, port or service center/trader) in the Northern European market.

Shanghai Futures Exchange Lists Silver Futures Contract

On May 10, 2012, Shanghai Futures Exchange started trading of physical silver futures contracts, after being approved by China Securities Regulatory Commission. The contract, with months from September 2012 to April 2013, is traded in Yuan/Kg.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWE</td>
<td>Implied Inter-Exchange MGEX-CBOT Futures Spread</td>
</tr>
</tbody>
</table>

To see contract specifications, click here

Silver is an addition to the already traded on SHFE, a set of metal derivatives, such as aluminum, copper and zinc, as shown in the example below.
NOAA Weather Forecasts Boosted by Rapid Refresh

On May 1, 2012, NOAA started using an advanced new weather forecast computer model called Rapid Refresh (RAP) to improve predictions of severe weather events including thunderstorms, winter storms, and aviation hazards. RAP replaces an older model to provide timely and accurate hourly updates for North America.

After running extensive tests for 22 months, RAP has provided better forecasts than its predecessor for all conditions from wind to precipitation, said Stan Benjamin, lead developer at the Earth System Research Laboratory.

RAP’s major improvements over its predecessors could be summed up in the following:

1. RAP is based on a significantly more advanced numerical weather prediction model called the Weather Research and Forecasting (WRF) model. WRF was created in collaboration with NOAA (the National Center for Atmospheric Research), the Air Force Weather Agency and dozens of other leading research institutions.
2. RAP extends the geographical coverage of NOAA's weather situational awareness information to all of North America, not just the United States as was the case for the older model.
3. RAP uses an innovative technique for assimilating current observations used to start the forecast model. The newer assimilation technique improves short-range forecasts. The new technology will benefit weather-sensitive industries, such as aviation, where fast-developing weather conditions can affect safety and efficiency of an operation, but RAP would also be equally important for energy-related forecasting.

New Model Improves NOAA Hurricane Forecast

On May 30, 2012, NOAA announced a new statistical model to help predict the start of the so-called eyewall replacement cycle when the first hurricane emerges from the Atlantic Ocean or Gulf of Mexico this season. An eyewall is an organized band of clouds that immediately surround the center, or eye, of a hurricane, and where the most intense winds and rainfall occur. Hurricane Katrina weakened but grew in size as it was approaching New Orleans because of an eyewall replacement cycle and a huge wind field.

The model predicts the start of a developing eyewall replacement cycle by measuring key aspects of the storm’s structure and environment and relating these to the conditions observed during past replacement cycles. The model uses data from NOAA’s Geostationary Operational Environmental Satellites to identify hurricane structure patterns related to eyewall replacement cycles.

EEX Launches EUAA and ERU Futures

On April 30 2012, EEX launched the Derivatives Market for EU Aviation Allowances (EUAA). This new range of products can be used by airlines for compliance purposes. Futures on Emission Reduction Units (ERU) were launched the same day.

EEX Holds First EIB Auction

Between June 7 and July 31, 2012, EEX will carry EU allowances (EUA) auctions in the framework of the NER 300 Initiative of the European Investment Bank (EIB). The auction will be held on EEX Derivatives Market four days per week (Monday, Tuesday, Thursday and Friday). 625,000 EUAs are to be auctioned off in the Mid-December 2013 contract.

“The EIB already uses EEX for clearing of over-the-counter transactions and for sales through secondary trading in the framework of the NER 300 Initiative. We are pleased to offer our know-how also for the EUA auctions. Auctions are a transparent and efficient way of marketing emission allowances and they are an important contribution to the success of the NER 300 Initiative,” explains Peter Reitz, Chief Executive Officer of EEX.

The auction calendar can be viewed here.

Weather Underground Launches Tool Sales Tracker

On May 15, 2012, Weather Underground launched Sales Tracker, a new tool enabling marketers to track sales figures against historical weather conditions. Sales Tracker is a free, self-service tool allowing business owners to enter the ZIP code of a business location along with a custom date range to instantly download a spreadsheet of historical weather data. Upon providing corresponding sales data, the user is presented with graphs illustrating fluctuations of sales figures alongside different weather variables, as well as instant correlation calculations.

Sales Tracker is part of a new Business Center on wunderground.com that strives to enhance business operation and marketing strategies. For example, users can access temperature maps of the US, showing variance from historical temperature averages, and instantly identify opportunities in areas of the country that may be unseasonably warm or cold. Operation managers can use weather intelligence for more efficient inventory management, in addition to planning staff schedules and organizing shipping logistics. Marketers can benefit from Business Centre tools that trigger marketing campaigns based on weather conditions (across digital, TV, radio, and print) and feed live weather data into digital ads.

Moreover, the Business Centre allows businesses to integrate detailed weather data into their websites, mobile apps, email campaigns or any digital platforms using Weather Underground’s self-serve API. For an even simpler solution, the business center provides off-the-shelf weather widgets and embeddable interactive maps that take seconds to install onto a website.

For more information on the tool, go to here.
BM&FBOVESPA Lists New ETF for Trading

On May 15, 2012, a new exchange-traded fund called Ishares Public Utilities Index (UTIP11) became available for trading on BM&FBOVESPA. It is indexed to the Public Utilities Index, whose main objective is measuring the behavior of the stocks of companies representing the public utilities sector.

To learn more about UTIP11, click here

There are 12 other ETFs already being traded on BM&FBOVESPA.

<table>
<thead>
<tr>
<th>ETF Name</th>
<th>ETF Type</th>
<th>Indexed to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOVA11</td>
<td>Broad Based Index Fund</td>
<td>Ibovespa</td>
</tr>
<tr>
<td>BRAX11</td>
<td>Broad Based Index Fund</td>
<td>IBRX-100</td>
</tr>
<tr>
<td>PIBI11</td>
<td>Broad Based Index Fund</td>
<td>IBRX-50</td>
</tr>
<tr>
<td>DIVO11</td>
<td>Broad Based Index Fund</td>
<td>Dividend Index</td>
</tr>
<tr>
<td>CSIMO11</td>
<td>Sector Index Fund</td>
<td>Consumer Goods</td>
</tr>
<tr>
<td>MOBI11</td>
<td>Sector Index Fund</td>
<td>Real Estate</td>
</tr>
<tr>
<td>MATB11</td>
<td>Sector Index Fund</td>
<td>Basis Materials</td>
</tr>
<tr>
<td>FIND11</td>
<td>Sector Index Fund</td>
<td>Financials</td>
</tr>
<tr>
<td>ISUS11</td>
<td>Sector Index Fund</td>
<td>Corporate Sustainability</td>
</tr>
<tr>
<td>GOVE11</td>
<td>Sector Index Fund</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td>SMAL11</td>
<td>Market Cap Index Fund</td>
<td>Small Cap Index</td>
</tr>
<tr>
<td>MILA11</td>
<td>Market Cap Index Fund</td>
<td>Large Cap Index</td>
</tr>
</tbody>
</table>

Japanese Environmental Monitoring Satellite Supports NOAA

On May 17, 2012, a new Japanese polar-orbiting satellite, Global Change Observation Mission 1 – Water (GCOM-W1), was launched by the Japan Aerospace Exploration Agency (JAXA). Its purpose is to monitor global water circulation and climate change by providing data crucial for tracking sea-surface temperatures and support near real-time weather and ocean forecasts with the help of the Advanced Microwave Scanning Radiometer 2 (AMSR2) it carries on board. NOAA scientists will use data to forecast severe storms, monitor the decline of Arctic sea ice, and predict the onset of El Niño, La Niña and other global climate phenomena.

Last year, JAXA signed a Memorandum of Understanding with the National Oceanic and Atmospheric Administration (NOAA), permitting NOAA to use data gathered from the AMSR2. This data, together with data collected from the Suomi NPP satellite (recently launched from the US) will enhance the observational capabilities of both nations. NOAA will provide ground support of AMRS2 data and transmit it to JAXA, and will reciprocate the flow of information from their Suomi NPP Satellite and its imminent Joint Polar Satellite System (JPSS) satellite. The second in the series, JPSS1, will be launched in 2017.

The EU Emission Trading System Single Registry to be Activated

On May 3, 2012, the European Commission announced the full activation of the EU Emissions Trading System single registry which includes the migration of over 30,000 EU ETS accounts from national registries to take place in June. Account holders had to comply with increased documentation requirements and security features to access the transferred accounts in the single registry; otherwise, there would be no access to transfer any allowances. The operations of national registries were suspended from June 3 while disruptions continued to June 20 when the single registry was fully activated.

The EU Emissions Trading System (EU ETS) is the center of the European Union’s policy to fight climate change. Also, the EU ETS as a system based on the cap-and-trade principle aims to reduce industrial greenhouse gas emissions cost-effectively. With Airlines joining the scheme in 2012, EU ETS is set to expand to the petrochemicals, ammonia and aluminum industries in 2013.

BM&FBOVESPA and Santander to Develop Brazilian Carbon Market

On May 17, 2012, BM&FBOVESPA and Santander signed an agreement to develop the carbon market in Brazil. The entities will study the creation of products with carbon credits as underlying securities. The two institutions will eventually jointly assess the development of products, aiming at both Brazilian and international markets, and will develop joint studies, assess economic viability and suggest required regulatory measures for the launch of new products. Moreover, the partnership is expected to result in creation of a Market Maker Program for these products.

“This is an important phase in the development of the local carbon market, getting Brazil on track to what has been done internationally,” said Santander Treasury Officer Roberto Campos.

“We’re taking another step towards creating an environment that, in the medium term, will promote standardization, transparency and liquidity for the market participants,” said BM&FBOVESPA Product and Customer Officer Marcelo Maziero.
CME Adds E-mini Yen Denominated Nikkei Stock Average Index Futures

Effective June 17, 2012, CME added the E-mini Yen Denominated Nikkei Stock Average Index futures for the next trade date. The trading venues are Globex and CME ClearPort. These contacts are listed with, and subject to, the rules and regulations of CME.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENY</td>
<td>E-mini Nikkei 225 futures - Yen denominated</td>
</tr>
</tbody>
</table>

For ENY contract specifications, click here

CME Launches New OTC FX Products

Effective May 28, 2012, CME launched six additional Over the Counter (OTC) FX products for clearing at CME Clearing. The Historical Value at Risk is utilized for clearing.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD-JPY</td>
<td>Japanese Yen</td>
</tr>
<tr>
<td>GBP-USD</td>
<td>British Pound</td>
</tr>
<tr>
<td>USD-CAD</td>
<td>Canadian Dollar</td>
</tr>
<tr>
<td>USD-CHF</td>
<td>Swiss Franc</td>
</tr>
<tr>
<td>AUD-USD</td>
<td>Australian Dollar</td>
</tr>
<tr>
<td>USD-SEK</td>
<td>Swedish Krona</td>
</tr>
</tbody>
</table>

Xetra Launches New UBS ETFs

Effective May 30, 2012, seven new exchange-listed equity index funds are tradable on Deutsche Börse’s XTF segment. Six of the ETFs are based on three reference indices with two ETFs on each index. The unit class differs between “I” and “A” for the former to be aimed primarily at institutional investors, while the latter aims at private clients.

List of the new UBS ETFs and their description:

<table>
<thead>
<tr>
<th>UBS (Irl) ETF plc</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBS (Irl) ETF plc - MSCI USA Value (USD) A-dis</td>
<td>Tracks the performance of the developed equity markets in the US based on total return with dividends reinvested.</td>
</tr>
<tr>
<td>UBS (Irl) ETF plc - MSCI USA Value (USD) I-dis</td>
<td>Same as above</td>
</tr>
<tr>
<td>UBS (Irl) ETF plc - S&amp;P 500 (USD) A-dis</td>
<td>Enables investors to access the American stock market using the value strategy approach. US equities are accepted in the reference index according to a selection process based on eight items of historical and forward-looking fundamental data. Those companies whose share price is classified as undervalued in comparison to the value of the company are included.</td>
</tr>
</tbody>
</table>

Tradition Launches traFXpure Trading Platform for Spot FX

On May 30, 2012, Tradition Ltd announced the launch of traFXpure, a new electronic trading platform for spot FX in CLS currencies. Using Tradition technology and backed by several of the major FX banks, traFXpure will provide a means of tradingFX spot which grants all participants equal opportunities to trade.

Markit Launches First CDS Index for Latin America

On June 1, 2012, Markit announced the launch (planned for early summer) of the first credit default swap (CDS) index referencing Latin American corporate debt, CDX LatAm Corporate Index. The index, referencing corporate issuers from various industry sectors in Central and South America and the Caribbean, will enable investors to gain or hedge exposure to Latin American corporate bonds or CDS. Inclusion in the index is based on the liquidity of a company's CDS and the amount of its debt in the market.

Growing investor interest in Latin America is supported by stable economic conditions and a yield higher than that in the developed markets of the US and Europe.

Tullet Prebon Information Launches Solvency II Benchmark Curves

Effective May 31, 2012, Tullet Prebon Information (TPI), together with IDS GmbH – Analysis and Reporting Services launched Solvency II Benchmark Curves. This is an over-the-counter service tailored to the requirements of the insurance industry and Solvency II, the EU directive primarily concerned with the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. Using Solvency II Benchmark Curves, risk managers can perform more accurate risk calculations; meet reporting challenges upon Solvency II implementation, and better manage capital requirements through more precise valuation.

For Solvency II Benchmark Curves specification here
CFE Launches Futures on CBOE NASDAQ-100 Volatility Index

CFE began trading new future contracts on May 23, 2012, on the CBOE NASDAQ-100 Volatility Index (VXN). The NASDAQ-100 Index represents 100 of the largest domestic and international non-financial securities listed on the NASDAQ Stock Market based on capitalization and VXN will be a key measure of market expectations and volatility relating to this index.

To learn more about VXN click here

VXN Futures are added to the following list of CFE volatility index futures contracts launched earlier this year:

• CBOE Crude Oil ETF Volatility Index security futures (OVX)
• CBOE Brazil ETF Volatility Index security futures (VXEW)
• CBOE Emerging Markets ETF Volatility Index security futures (VXEM)

Bursa Malaysia Derivatives: Renewed Options on Index Futures

Effective May 21, 2012, Bursa Malaysia Derivatives Berhad (BMD) introduced a new and improved options contract, OKLI, using the FBM KLCI futures (FKLI) as its underlying instrument.

The original OKLI, launched in December 2000, was the first exchange-traded options contract in Malaysia. The renewed OKLI better complements the advancements and changes in the equity index options market and provides traders with more hedging, arbitraging and trading choices. It is listed and traded on the CME Globex electronic trading platform.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OKLI</td>
<td>KLCI Options</td>
</tr>
</tbody>
</table>

For contract specifications, click here

CME Expands Weekly S&P 500 and E-mini S&P 500 Options

On June 4, 2012, CME expanded the listing cycle for the European-style weekly options on the S&P 500 and the E-mini S&P 500 to include three consecutive weekly options from the current two consecutive weekly options. These contracts are listed with, and subject to, the rules and regulations of CME.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EV1</td>
<td>S&amp;P 500 Week 1 Option</td>
</tr>
<tr>
<td>EV2</td>
<td>S&amp;P 500 Week 2 Option</td>
</tr>
<tr>
<td>EV4</td>
<td>S&amp;P 500 Week 4 Option</td>
</tr>
<tr>
<td>EW1</td>
<td>E-mini S&amp;P 500 Week 1 Option</td>
</tr>
<tr>
<td>EW2</td>
<td>E-mini S&amp;P 500 Week 2 Option</td>
</tr>
<tr>
<td>EW4</td>
<td>E-mini S&amp;P 500 Week 4 Option</td>
</tr>
</tbody>
</table>

For EV1, EV2 and EV4 contract specs please click here
For EW1, EW2 and EW4 contract specs please click here

Eurex Clearing Launches OTC Interest Rate Swaps Clearing

Eurex Clearing, in collaboration with Barclays, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, J.P. Morgan and Morgan Stanley, launches its new clearing service for OTC Interest Rate Swaps (IRS). The purpose of the new service is to deliver efficient risk management and safety for dealer and client clearing ahead of the start of the clearing obligations in Europe as required by the European Market Infrastructure Regulation (EMIR). Andreas Preuss, CEO of Eurex, explained, “Our objective is to deliver the market leading solution for OTC client clearing in Europe. Our customers will benefit from broad product coverage across asset classes, full portfolio based risk management across listed and OTC products, strong asset protection and a broad collateral universe.”

EurexOTC Clear for IRS offers full integration of the clearing and collateralization of OTC and listed derivatives in clearinghouse under a single framework. The roll-out date is scheduled for the second half of 2012 and is closely correlated with the readiness of other clearing firms, which have been announced to already be technically connected to EurexOTC Clear for IRS and currently undergoing functional tests. The new Central Counterparty (CCP) offering for OTC interest rate swaps is one major element of Eurex Clearing’s roadmap in preparing for the regulatory environment. Further elements are Eurex Clearing Prisma, the new portfolio-based risk management system enabling cross margining of listed and OTC derivatives, and Client Asset Protection including the Individual Clearing Model, a full individual segregation service already launched in August 2011, as well as segregation services.
CME Launches CME Direct Technology

On May 22, 2012, CME announced the launch of CME Direct, a new technology that offers side-by-side trading of exchange-listed and over-the-counter (OTC) markets. Initially, the exchange is planning to support trading of CME Group’s benchmark energy futures markets alongside OTC energy swaps through inter-dealer brokers. The CME Direct technology targets such products as NYMEX WTI crude oil, NYMEX Brent, DME Oman crude oil, RBOB Gasoline, New York Heating Oil and the benchmark Henry Hub Natural Gas futures contract, which are part of the CME Group energy complex.

Michel Everaert, CME’s OTC Managing Director, said, “By combining brokered OTC markets with CME Group’s clearing and STP platforms—ClearPort and ConfirmHub—CME Direct offers the first global, fully automated front-to-back-office platform for trading CME listed and OTC energy products.”

CME Group is licensing the CME Direct technology to brokers to offer trading of global OTC oil markets, including Marex Spectron, Tradition and Tullett Prebon. This way traders can execute electronically or in a hybrid, broker-assisted model on CME Direct by combining the benefits of electronic trading, yet retaining the flexibility of voice brokering.

Platts to Introduce Europe SBR Assessments

On May 31, 2012, Platts revealed its plans to introduce European spot assessments for emulsion and solution styrene butadiene rubber starting September 1, 2012. Styrene butadiene rubber (SBR) is the most widely used synthetic rubber. Emulsion SBR contains 23.5% styrene and 76.5% butadiene. The proposed assessments are aimed to reflect inland weekly spot transactions on an FD NWE basis, which would include standard parcel lots of 100-200 mt or 10-20 containers being expressed in EUR/mt for 30-60 day LC credit terms, for delivery 3-30 days forward.

Platts Discontinues Northwest Europe Polystyrene Gross Prices

Effective June 27, 2012, Platts will discontinue its European gross contract price assessments for general purpose polystyrene (GPPS1) and high-impact polystyrene (HIPS2). This will affect the assessments of the listed contracts with their respective Oracle codes:

<table>
<thead>
<tr>
<th>Platts Contract</th>
<th>Currency</th>
<th>Oracle Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>FD Germany1</td>
<td>Eur/mt</td>
<td>HPAMO00</td>
</tr>
<tr>
<td>FD Holland1</td>
<td>Eur/mt</td>
<td>HPAMP00</td>
</tr>
<tr>
<td>FD Italy1</td>
<td>Eur/mt</td>
<td>HPAMQ00</td>
</tr>
<tr>
<td>FD France1</td>
<td>Eur/mt</td>
<td>HPAMR00</td>
</tr>
<tr>
<td>FD Britain1</td>
<td>Eur/mt</td>
<td>PHAM500</td>
</tr>
<tr>
<td>FD Spain1</td>
<td>Eur/mt</td>
<td>PHAWE04</td>
</tr>
<tr>
<td>FD NWE CP1</td>
<td>$/mt</td>
<td>PHAIP00</td>
</tr>
<tr>
<td>FD Germany2</td>
<td>Eur/mt</td>
<td>HPAMT00</td>
</tr>
</tbody>
</table>

Platts introduced the NWE GPPS and HIPS net contract price assessment on September 1, 2010. These assessments run concurrent with the NWE GPPS and HIPS gross contract price assessments. Following the discontinuation of Northwest Europe Polystyrene Gross Prices, Platts continues the free-delivered net contract price assessments for Northwest Europe GPPS and HIPS introduced on September 1, 2010.

CBOE & China Financial Futures Exchange Sign MoU

On May 16, 2012, a Memorandum of Understanding (MoU) was signed between The Chicago Board Options Exchange (CBOE) and the China Financial Futures Exchange (CFFEX), facilitating sharing of information and resources and creating a basis for strategic collaboration.

The MoU will enable both exchanges to benefit from product, market and technology development initiatives and expand the global reach of options.

In the CBOE Press Release, CBOE Chairman and Chief Executive Officer William J. Brodsky stated, “We are pleased to enter into an agreement with CFFEX that formalizes our long-standing friendship and establishes a strategic alliance between our exchanges. Options are important investment and risk management tools and will be an essential part of CFFEX’s product development efforts. We look forward to collaborating on initiatives that could benefit both exchanges and potentially expand the global reach of options."

“We are excited to partner with CBOE in this endeavor. CBOE is the leading marketplace in the U.S. options industry and has considerable expertise and experience in operating derivatives markets,” said CCFEX Chief Executive Officer Zhu Yuchen. “As CFFEX continues building its marketplace and developing new financial products, the opportunity to learn from CBOE’s 40 years of options trading experience will prove invaluable to us.”
International Access to the ICE Platform

On May 17, 2012, ICE published an announcement regarding its regulatory position in New Zealand. According to this announcement, the Financial Markets Authority under section 37(8) of the New Zealand Securities Markets Act 1988 (SMA) authorized ICE Futures Europe to conduct a futures market in New Zealand as an Authorized Futures Exchange in accordance with the ICE Futures Europe Regulations. Following is a summary of access routes and conditions:

- A Member who is carrying on the business of dealing in futures contracts in New Zealand (whether or not that Member is resident or incorporated in New Zealand and whether or not that Member is also carrying on business in any other jurisdiction) will be a NZ Member for the purposes of the Exchange’s authorization.

- NZ Members must notify the Exchange immediately if that Member’s authorization to carry on the business of dealing in futures contracts under Part 3 of the Act is revoked.

- Members based outside of New Zealand providing access to affiliate companies incorporated in New Zealand will not be considered to be carrying on the business of dealing in futures contracts in New Zealand. Therefore, only those Members who are already authorized to deal in futures contracts in New Zealand are permitted to deal in ICE Futures Europe contracts in accordance with their authorizations.

- Members based outside New Zealand may provide order routing access only to New Zealand companies which are authorized to deal in futures contracts. The authorized dealer may then offer ICE Futures Europe contracts to New Zealand clients in accordance with its authorization.
In mid-June, New York and NEPOOL electricity spot prices shot up in response to a spike in natural gas prices and higher temperatures throughout the Northeast regions.

PJM, as well as California electricity prices, were suppressed by the reduced load.

In the Northeast, average daily temperatures increased moderately, masking the temperature spikes experienced in New York, where temperatures reached highs of 94°F, and in Boston, which experienced highs of 96-97°F, on June 20-21. Historical averages for the two cities are 74-81°F and 70-78°F, respectively.

On the West coast, temperatures also increased moderately, but remained within seasonal norms of 75-80°F.

In comparison with the previous month, as described in DataWatch May 2012, electricity futures moved a bit higher, supported by typical seasonal expectations. Long-term trends remained the same, with electricity prices anticipated to increase significantly in years 2013-2014, especially in New York and California.

The prices of derivatives built on European carbon reduction programs and traded on ICE have not changed compared with the prior month. The prices are expected to increase sharply in later years, reflecting tightening regulatory requirements.
In the absence of any significant market changes, the ICE natural gas futures edged up slightly since the May 2012 edition of DataWatch, driven mostly by technicals.


Both Western Texas Intermediate and Brent Crude futures continue a downward trend, driven by continued economic instability in Europe and concerns of manufacturing slowdowns in China.
Carbon Market Data Publishes the EU ETS Company Rankings 2011

Carbon Market Data, a European company providing carbon market research and data supply services, published the rankings of companies included in the European Union’s emissions trading scheme, following the recent release of verified emissions reports for the year 2011.

Based on Carbon Market Data’s research, RWE, Vattenfall and E.ON were the three biggest CO2 emitters of the EU emissions trading scheme (EU ETS) during the year 2011. RWE, Vattenfall and E.ON emitted in 2011 respectively 141 MtCO2, 92 MtCO2 and 86 MtCO2.

The report also lists the companies with the highest surplus and shortage of free carbon allowances, as well as the companies having used the biggest amounts of international offsets (CERs and ERUs).

The full report is available here.

MDA EarthSat Weather Enhances Dynacast 2.0

MDA EarthSat Weather offers a variety of data and reports used throughout the energy, agriculture, and weather markets. In addition to providing the basic data products used by traders worldwide throughout these industries (historic, ongoing, and forecast temperatures, precipitation, wind, etc.), EarthSat goes beyond the numbers to provide unique datasets tailored for traders in each industry. This month we are highlighting enhancements to our Dynacast 2.0 product.

Dynacast 2.0

Our flagship interactive analog tool provides comprehensive support of historical analyses and forecasts, and is widely used by energy and agriculture analysts and traders in their daily work, as well as in tailored presentations and briefings. It is a unique and powerful tool built in-house at MDA EarthSat that uses cleaned and quality controlled historical weather data to provide both visual and analytical guidance on both short-term forecasting (product includes MDA’s nationwide 1-15 day forecast) and long-term (seasonal) forecasting time frames. Dynacast 2.0 also provides auto-weighted analog forecasts based on various atmospheric drivers, as well as allows user-defined analogs with just a few mouse clicks. Support is provided for temperature and precipitation variables, including weighted degree days, temperature volatility, and growing degree days.

Recently, Dynacast 2.0 has been updated with a brand new hub-height wind tool, with the following features:

- The capability to map anomalies of 80 meter wind speed averaged over selected dates in a set of years
- A full North American data set for daily hub height winds that extends back to 1950
- 80 meter winds are derived from the Climate Forecast System Reanalysis, and are tuned for best agreement with wind generation data from ERCOT and MISO

- Dynacast 2.0 allows the user to analyze 80 m wind speed anomalies associated with global climate variability modes like El Niño and the North Atlantic Oscillation

Enhancements and Expanded Coverage on Platts Global Alert (PGA)

As part of Platts ongoing commitment to help our customers access all the information in Platts Global Alert (PGA) faster, easier and in a more structured way, all Global Petroleum Refined Product pages and Americas Market-on-Close pages will be re-categorized from July 2.

What this means for you

Pages will be organized so they are grouped by region and product – allowing you see all the relevant data you need in one place.

We are also adding new and extended coverage, including:

- new pages for each petroleum product displaying monthly averages
- new midpoints and 3 decimal places to all refined product pages
- market data codes visible for all values on page

Where to find your page

If a page you refer to is affected a message will appear redirecting you to the new page number. To make this change as easy as possible for you we have put together a full index of page moves and their corresponding subscriber notes for you to reference. Click here to launch this reference tool. You may also wish to visit our dedicated PGA Resource Page which will update with additional useful content throughout June.

Questions? Talk to a Platts Product Specialist

Our team of Product Specialists are ready to help, so if you have any questions please email them to support@platts.com or call on the numbers listed below:

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<tr>
<td>Asia-Pacific</td>
<td>+65-6532-2800</td>
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Platts Risk Data Services Launches Complimentary Micro-site

Platts is delighted to announce the launch of the new Risk Data Services (RDS) micro-site, found at http://platts.com/Risk.

- View daily commentary affecting the Risk business across oil, electric power and natural gas
- Download the latest white paper articles written by Risk specialists – such as A Look Forward- Understanding Forward Curves in Energy Markets
- Sign up to upcoming Risk webinars and events covering all the hot topics
- Find the latest information on Platts RDS’ products and services

Platts risk data ensures that traders, energy companies, and governments see the market in a transparent way that helps them successfully negotiate their transactions. Our information can help you efficiently analyze trends, validate data, valuate positions, develop strategies, negotiate contracts, and capitalize on trading and investment opportunities in an ever-changing marketplace.

Argus Launches Canadian Crude Price Assessment for Trading at Cushing

Houston, 1 June 2012

Global energy price reporting agency Argus is today launching coverage of the new market for Western Canadian Select (WCS) crude that is rapidly emerging at the crude trading hub at Cushing, Oklahoma. Sharply increased Canadian crude production and movements by pipeline deeper into the US have quickly spawned a new spot market for the crude in the US midcontinent.

In an effort to bring more transparency to this emerging market, Argus will publish an assessment of the WCS price at Cushing from 1 June 2012, when the Canadian grade officially begins its July trade month. The WCS Cushing price assessment will be published in the daily Argus Crude and Argus Americas Crude reports.

Until recently, Cushing was the final stop for Canadian crudes headed south. But the reversal in mid-May of the Enbridge and Enterprise-owned Seaway pipeline to transport an initial 150,000 b/d of crude from Cushing to the US Gulf coast now means that incremental volumes of Canadian crude can be shipped further south. Heavy sour crude is a more valuable commodity in the US Gulf coast because regional refineries are configured to run heavier grades.

Of the 1.8mn b/d of crude moving from Canada to Padd II, around 1.1mn b/d is comprised of heavy sour grades such as WCS. Heavy crude transportation from Canada to Cushing increased markedly last year after TransCanada’s 155,000 b/d Keystone Phase 2 Extension pipeline began transporting Canadian crudes to Cushing in early 2011. Heavy crudes also move to Cushing on Enbridge’s 193,000 b/d Spearhead pipeline.

“The increased supply at Cushing has led to the rapid emergence of a spot market for WCS over the last two months,” Argus Media chairman and chief executive Adrian Binks said. “We are happy to be able to add transparency in these rapidly evolving North American markets.”

Trade volumes in this spot market are expected to increase as the Seaway pipeline’s capacity rises to 400,000 b/d by early 2013. Enbridge and Enterprise have further plans to potentially build a Seaway Twin pipeline that will have the capacity to move a further 450,000 b/d from Cushing to the US Gulf coast by 2014.

Argus crude prices are used globally in indexation. In the US, Argus is the primary index for domestic crude spot market, term contract and derivative market transactions. The new Argus WCS Cushing price assessment is expected to follow a similar market adoption pattern.

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Chile’s National Energy Commission Switches to Argus for Energy Price Information

Houston, 24 May 2012

The Chilean National Energy Commission (CNE) has decided to switch its data provider for energy markets to leading energy and commodity price reporting agency Argus. The CNE will use Argus for all of its crude oil, petroleum products, biofuels, LPG and freight information from 23 May 2012.

The commission selected Argus following a public tender in which international price reporting agencies were invited to participate. One key element of the tender process involved a close review of the price reporting methodology of all submitting vendors. The CNE tender was conducted through the Chilean government’s transparent and efficient procurement system.

The CNE is responsible for analysing commodity prices, tariffs and technical norms governing Chilean energy production and imports, power generation, transportation and distribution.

Argus Media chairman and chief executive Adrian Binks said: “We are delighted that a leading Latin American governmental institution such as the CNE has made the switch to Argus price assessments. This move is a further example of the ability and willingness of an international organisation to switch to Argus prices from other providers.”

Argus price assessments are used extensively by governments as independent references for taxation and other purposes. Argus prices are used by major energy producers and consumers as price references in long-term supply contracts, and by market participants for portfolio mark-to-market, counterparty exposure management, derivatives and a wide range of investment and market analysis purposes.

Request more information on Argus use in global energy and commodities price indexation here

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Argus Launches New Ethanol Price Assessment

London, 1 June 2012

Leading energy and commodity price reporting agency Argus is launching a new ethanol price assessment today. The new price is expressed as a differential to gasoline in US dollars per tonne and is published in the daily Argus Biofuels report. The new assessment is in addition to the existing ethanol price assessment in euros per cubic metre.

The new assessment is for T2 ethanol at Rotterdam and will help market participants to assess the price of ethanol relative to the price of gasoline. This will enable market participants to use the gasoline swaps market to manage part of their ethanol price risk.

The gasoline swaps market, unlike the ethanol swaps market, has a high level of liquidity and is a commonly used price risk management vehicle. Gasoline swaps are priced against the Argus Euro-bob Oxy gasoline fob Amsterdam-Rotterdam--Antwerp (ARA) assessment and can be cleared through the CME. The Ice OTC exchange also lists Argus gasoline Euro-bob Oxy fob barge cleared swaps.

“We have introduced this new price following industry requests,” Argus chairman and chief executive Adrian Binks said. “The oil market is going through a particularly sensitive time and with so much uncertainty surrounding price direction it is understandable that ethanol producers and oil companies want an effective means of hedging their price risk. Argus is pleased that we have been able to quickly respond to these industry requests and provide a vehicle that could give greater stability to price planning.”

The Argus Euro-bob Oxy fob ARA gasoline price — the underlying price basis in European gasoline swaps — is published in the daily Argus European Products report.

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Asian Coal Trading Community Embraces API 5 and API 8

Singapore, 6 June 2012

The Asian coal trading community is embracing the API 5 and API 8 indexes for its swap contracts.

The API 5 index represents 5,500 kcal/kg NAR (net as received), high-ash coal shipped from Australia and the API 8 index represents 5,500 kcal/kg NAR coal delivered to south China. Major brokers such as Tullett Prebon, Marex Spectron and Ginga Petroleum started offering trades against the indexes from the beginning of this month.

The indexes were launched jointly by global energy price reporting agency Argus and IHS McCloskey at the beginning of May 2012, and have quickly gained the confidence of the coal trading community as a reliable, independent benchmark for contracts.

Argus Media chairman and chief executive Adrian Binks said: “We are delighted to hear that many market participants are moving to the Argus/IHS McCloskey API 5 and API 8 indexes for use in their contracts. Our API 2 and API 4 price assessments are extensively used throughout the world for pricing and we are pleased that the API 5 and 8 indexes are already being adopted by the market.”

IHS publisher John Howland said: “The South China 5,500kc NAR cfr market is probably the most closely watched coal metric with its influence on global markets profound. It is also the major market for high ash Australian coal, so it makes sense that swaps that settle against the API 5 and API 8 indexes are now being brokered together.”

Argus and IHS McCloskey publish a series of API indexes, which are used for 90pc of the world’s internationally traded coal derivatives. All the API indexes are calculated by averaging the relevant Argus and IHS McCloskey assessments/markers. The IHS McCloskey marker used in the API 8 is the IHS McCloskey/Xinhua Infolink South China (5,500kcal/kg NAR) marker.

The methodologies used to derive the Argus and IHS McCloskey prices are available online at www.argusmedia.com/methodology and www.mccloskeycoal.com.

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**Argus Expands Coverage of California, US Renewables Trading**

*Washington, 7 June 2012*

Leading energy and commodity price reporting agency Argus has launched a series of new market assessments for renewable energy certificates (RECs) and carbon markets in California, the western US and elsewhere.

Argus’ expanded California coverage includes California renewable energy certificates and enhancements to its coverage of California carbon allowances. Expanded California carbon coverage includes daily volume-weighted average data for December 2013 delivery. Other additions include Green-e voluntary RECs for the Western Electricity Co-ordinating Council area, plus Maryland Tier 1 and Ohio’s in-state, non-solar assessments.

The new data will be published in Argus Air Daily, which already offers the most extensive renewable energy market price data, of any publisher, including Connecticut, Massachusetts, New Jersey, Pennsylvania, Texas, plus the national Green-e voluntary market.

The new California and additional Green-e instruments will make available key market data for power generators in California and throughout the western US. Last month, Argus began publishing carbon-adjusted marginal heat rates, spark spreads and the carbon cost per MWh of running power plants at the SP-15 power zone in southern California during peak times.

In other North American carbon markets, Argus already publishes volume-weighted average indexes for the Regional Greenhouse Gas Initiative states, as well as price assessments for Alberta Carbon Offsets and carbon offsets issued by the Climate Action Reserve.

“The increased trading and interest in North American renewables markets has been dramatic,” Argus Media chairman and chief executive Adrian Binks said. “We are happy to add these assessments and increase transparency for these growing markets.”

Argus prices are used globally in indexation and are the industry reference for North American emissions market activity. In the US, Argus is the primary index for Acid Rain (SO2) allowances and is used extensively in NOx and CO2 allowance trading, term contract and derivative market transactions.

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**About Argus**

Argus Media is a leading provider of price assessments, business intelligence, market data, consultancy and conferences on the global crude, oil products, natural gas, electricity, coal, emissions, bioenergy, fertilizer and transportation industries. Argus energy and fertilizer prices are widely used by leading companies, governments and international agencies as benchmarks in supply contracts, risk management and planning.

Argus is headquartered in London and has more than 400 staff in offices in Houston, Washington, New York, Portland, Calgary, Santiago, Bogota, Rio de Janeiro, Singapore, Beijing, Tokyo, Sydney, Dubai, Moscow, Astana, Kiev, Porto, Brussels, Johannesburg and other key centres of the energy industry. Argus was founded in 1970 and is a privately held UK-registered company.

**ZEMA Adds Several New Data Sets**

This month, ZEMA has added several new datasets from vendors such as Environment Canada, DTN, ICAP, Irish Exchange, MISO, IESO, TFS, and MTI. Key data types include Metering Data, National Marks, Gulf Marks, GDP Advance Estimates, ERCOT Marks, Market at a Glance, Zonal LMP, as well as data reported by ICEFE and NYMEX.

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**The Rise of Shale Gas in the PJM Interconnection**

**Complimentary Webinar | July 19 | 11:00AM - 12:00PM EST**

Shale gas production continues to grow and currently accounts for over 25% of total production in the United States. Increased production could change market dynamics in electricity markets across the country, particularly in the north east where they have traditionally relied heavily on Coal and Petroleum.

Join us on July 19, 2012 from 11:00 AM – 12:00 PM EST for our ZE webinar The Rise of Shale Gas in the PJM Interconnection. In this informative presentation we will explore how the increase in shale gas production will impact the electricity market in the PJM Interconnection and how market participants can make better decisions as the market adapts.

**During this webinar, you will learn:**

- Recent developments in the North American gas market  
- Unique considerations for the PJM Interconnection  
- PJM’s changing generation stack  
- Historical trends in the PJM Interconnection  
- External factors affecting the PJM Interconnection  
- New relevant data sources supporting analysis

For general inquiries and help with registration, please click here.
JAPANESE DEMAND MAY FUEL AMERICAN NATURAL GAS PRICES

by IIR Energy

Researched by Industrial Info Resources (Sugar Land, Texas)—With its nuclear fleet’s uncertain future, the world’s largest importer of liquefied natural gas (LNG), Japan, is turning towards natural gas as its power generation fuel of choice for the mid-term. In an effort to encourage development among small-size power producers, Japan is considering a new pipeline project reaching from Sendai in the tsunami-blasted northeastern region of the main island, Honshu, to the northern end of Kyushu, which lies off the most southwestern tip of Honshu. While the route has not been decided, the Japanese Ministry of Economy, Trade, and Industry (METI) has already announced that it intends to import LNG from the American market where prices are much lower than in Japan.

To meet this demand for natural gas, the U.S. has two new export-oriented terminals in development on the west coast with a total planned export capacity of over 2 billion cubic feet per day (bcf/d). These two projects, located in Oregon, have been in development for several years, since before the steady decline of natural gas prices after January 2010, when natural gas prices were at their peak in 2008 at $14/million British thermal units (mmBtu). They were originally intended to be import terminals meant to bolster natural gas supplies for an American economy with an unsure supply. However, since the perfection of hydraulic fracturing, or fracking, methods of shale gas extraction, American gas supplies have increased dramatically, contributing to the continuing decline in price, to around $2.70/mmBtu today. As a result, these projects were forced to reinvent themselves to remain profitable, and thus turned their focus on foreign markets, such as the Japanese market where natural gas is nearly $17/mmBtu. Competing with these two terminals is the Canadian Kitimat liquefaction plant project in British Columbia, under development by a group of companies headed by Apache Canada, the Canadian subsidiary of Apache Corporation (APA) (Houston, Texas). Kitimat will have an estimated 700 million cubic feet per day of export capacity. Combined with the two plants in Oregon, the western coast of North America is looking at about 2.7 bcf/d of export capacity by the end of 2017, pending regulatory permits and smooth construction activities.
Between Cove Point, Kitimat, and the two plants in Oregon, not to mention the other liquefaction plants that have been proposed to or identified by project sponsors to FERC, North America stands poised to be able to supply to international markets over 27 million metric tons per year, roughly one third of Japan’s annual consumption.

The American west coast is not the only region in which Japan has an interest, however. In April, Sumitomo Corporation (TYO: 8053) (Tokyo) and Tokyo Gas Company (TYO: 9531) (Tokyo) secured supply contracts with American firm, Dominion (D) (Richmond, Virginia) for LNG supplies from its planned Cove Point LNG liquefaction plant.

The existing storage terminal is currently in the process of permitting, but if all goes well, Dominion should be able to meet its contractual obligation to begin supplying these two companies with LNG from 2017. In 2011, Japan consumed 80.1 million metric tons of LNG, and is expected to have consumed more by the end of 2012 due to the lack of nuclear power.

Between Cove Point, Kitimat, and the two plants in Oregon, not to mention the other liquefaction plants that have been proposed to or identified by project sponsors to FERC, North America stands poised to be able to supply to international markets over 27 million metric tons per year, roughly one third of Japan’s annual consumption.

Japan is planning a new pipeline which it intends to supply with inexpensive North American shale gas.

For more information please contact iirteam@iirenergy.com or visit us at www.iirenergy.com.

About the Contributor

Industrial Info Resources (IIR), with global headquarters in Sugar Land, Texas, and eight offices outside of North America, is the leading provider of global market intelligence specializing in the industrial process, heavy manufacturing and energy markets. Industrial Info’s quality-assurance philosophy, the Living Forward Reporting Principle™, provides up-to-the-minute intelligence on what’s happening now, while constantly keeping track of future opportunities.

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About ZE PowerGroup Inc

ZE is an experienced software and strategic consulting firm that combines energy industry expertise with advanced software development capability. The company possesses deep industry knowledge and comprehensive operational experience. ZE is the developer of ZEMA Suite, a sophisticated Enterprise Data Management and Analysis solution built to meet the specific challenges of energy and commodity market participants.

About ZEMA

ZEMA is an enterprise data management suite designed for collecting data and performing complex analysis. ZEMA replaces fragmented data collection and analysis processes with a sophisticated, unified and automated data management system. Each ZEMA component can perform as an independent product; this means greater flexibility when integrating ZEMA into your organization. ZEMA is consistently ranked #1 for preferred system, #1 for ease of system integration, and #1 for customer service. ZEMA is easy to use and backed by our support team around the clock.

Disclaimer

ZE DataWatch is a report, comprised of data updates and expectations for energy and commodity markets and powered by ZEMA. The information contained in the ZE DataWatch is for information purposes only. Although ZE PowerGroup believes the information in this report to be correct and attempts to keep the information current, ZE PowerGroup does not warrant the accuracy or completeness of any information. Information in this report is not intended to provide financial, legal, accounting, or tax advice and should not be relied upon in that regard. ZE PowerGroup is not responsible in any manner whatsoever for direct, indirect, special or consequential damages, howsoever caused, arising out of the use of this report.
The 16th Annual Mid-C Seminar covering “Generation Integration Challenges” will be held in Wenatchee, Washington. The event will explore the regulatory and legislative landscape, resource integration and new technologies, the physical and REC markets, and the various Energy Imbalance Market initiatives in the West and Northwest. ZE is co-sponsoring the event.

Aiman El-Ramly, ZE’s Chief Strategy Officer, will be presenting “Market Commentary” on July 25. To contact Aiman, please click here. For more information about the seminar, please click here.