Montreal Exchange trading made easy with online trading platform

AccuWeather forecasts weather for stadiums and golf courses

Canadian coal power plants face strict CO2 reduction goals

ICE takes a majority position in a new APX-ENDEX natural gas entity

South East Asian Electricity Markets: a Long and Winding Road to Competition

NEW
Introduction of new products and data sources

OUT
Delisting of products and data sources

WATCH
Potential impact on data

EDIT
Changes to data attributes, replacement of products

Powered by
ICE and CME opened the fall season with a big bang: they each launched new natural gas and power derivatives in intimidating numbers, counted in hundreds. And, this pretty much dwarfed all other announcements for the month. Meanwhile, fossil fuel products continued to hold the lead in the news.

Data News

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- CME Launches Power Futures

Fossil Fuel Markets

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- CME Launches Energy Futures and Options
- ICE Launches 371 Swap Futures
- Platts Launches ICE Brent NX Futures Assessment
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- Canada Finalizes Regulations for GHG Emissions for Coal-Fired Power Plants

FX, Interest Rates, Credit and Equity Indexes

- CME Starts Physically Delivered Contracts on Offshore Chinese Renminbi
- CME Launches Ibovespa Futures
- NYSE Liffe: Futures on the Russell Europe SMID 300 Index
- CFE Launches S&P 500 Variance Futures
- ISE Launches the Virtus Wealth Masters Fund on ISE Index
- HKEx Starts Trading RMB Currency Futures
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- CME Introduces Decay Variable Quantity Energy Products
- ASEAN Trading Link Connects Bursa Malaysia and Singapore Exchange
- Barchart's Advanced Charting for RCG Onyx Plus Trading Platform
- ISE and MEB Options Introduce Spread Crawler
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- APX-Endex Separates its Gas Spot Exchange and Power Spot Exchange
- Former Chi-X Chief Haynes to Open a Rival Trading Platform
- DGCX Signs MoU with Dalian Commodity Exchange
- HKEx, SHSE and SZSE Establish JV for New Products and Services
- Platts Seeks Feedback to Revise PX ARA Volume Standard
- ICE Transitions Cleared Energy Swaps to Futures

ZEMA Market Dashboard

- North American Electricity DA Prices (ICE)
- North American Electricity Forward Curve (ICE)
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- Argus Launches fob Trinidad LNG Prices
- Argus Launches Spot cfr Turkey Group 1 Base Oil Price Assessments
- Independent Teakettle Refineries Surge to 30pc of China's Refining Capacity, Argus Study Reveals
- Argus Launches Petroleum Transportation Service
- Carbon Market Data Launches a New Version of the Aviation Carbon Trading Database
- ZEMA Adds More Data Sources

In Depth

South East Asian Electricity Markets: a Long and Winding Road to Competition

South East electricity market designs and their development are not identical and a one size fits all approach is not applicable due to a difference in social, cultural, economic and political variables.
One might think there was some sort of coordinated effort, when two leading commodity exchanges, ICE and CME, decided to make waking up from a summer dream more dramatic and open the fall season with a big bang. They each launched new natural gas and power derivatives in intimidating numbers, counted in hundreds. And, this pretty much dwarfed all other announcements for the month.

Meanwhile, fossil fuel products continued to hold the lead in the news. LNG gets more traction; Platts dedicated a whole page to report real-time data related to this fuel, and ICE cleared its first LNG swap. The coal industry is going through a large transition. On one hand, it is becoming more discouraged by domestic legislators who are enforcing more and more environmental compliance requirements in the sector. Last month there were even more restrictions put forward for the coal industry: the Canadian government released GHG reduction rules that target specifically coal-fired generators. On the other hand, there are more exporting opportunities opening for coal producers and they are increasing deliveries to far-away shores. According to the EIA October 2012 report on coal, 2012 U.S. exports increased by 23.5% compared to last year’s volumes. The majority of this growth is attributed to shipments to Europe and Asia (an increase by 8 million and 3.5 million short tons, respectively). This trend is reflected in data reports. Platts launched four new daily assessments for U.S. steam coal exports. But the U.S. is not the only country leading in coal export. Australia holds the title of leading coal exporter and may retain it for some time with its constantly increasing capacity, especially at the Port of Newcastle. Growing global demand for coal has contributed to expansion of other data products. Reflecting this trend, ICE extended listings of futures based on the price of coal delivered to Amsterdam and Rotterdam, and the price of coal loaded at the Newcastle coal terminal in Australia.

The electricity sector has been on a slow slide and has not brought many products to the table, but an interesting release by the U.S. Energy Information Administration (EIA) compensated for many months of tranquillity. The EIA announced a beta version of an Application Programming Interface (API) that makes key electricity data publicly available in an easily accessible format. The Administration made available 427,000 series, organized into 39,000 power market categories of power markets. and, with petroleum and natural gas data to be added at a later date, the number of data series will be in the ballpark of a million.

Last month several unusual data solutions were introduced by weather forecasters. One of them I personally find most intriguing. The weather, when reported for any given city, has been typically based on data gathered with instruments placed at local airports. For Vancouver, British Columbia, a coastal city with proximity to mountains, and my current home, weather is monitored at an airport in a nearby city just south of Vancouver. I have to mentally adjust the weather I hear reported for Vancouver when I drive a short distance up to nearby mountains because the difference in conditions between the airport and the mountains can be extreme. There can be a ten degree drop in temperature across a distance covered in 20 minutes. And, light rain in Vancouver might easily be a blizzard at my destination. A new offering by AccuWeather sounds like it could be especially valuable for those who live in locations with varying weather patterns and extended area. The weather information provider added forecasting points for various locations that serve the interest of the general public. Now AccuWeather subscribers can be prepared for weather quirks whether they are heading to a stadium on the far side of a city, a golf game in the countryside, a mall, or a zoo or amusement park on the outskirt. And, those heading to ski resorts will know for sure what type of ski wax they should take along, or whether they will only need their rubber boots.

Weather Underground stepped further in their innovative approach to weather reporting. Now the company asks the users of its services to participate in weather reporting by becoming a member of the network and reporting on weather in the member’s location.

Olga Gorstenko
EIA Releases Online Service for U.S. Electric Power Data

On October 1, 2012, the U.S. Energy Information Administration (EIA) released a new online service that allows developers to access key electrical data through EIA’s first Application Programming Interface (API) with a goal to design web and mobile apps. The information available through the free API is on retail sales, average prices, and the types of fuel that are used to generate electricity at both state and national levels. In addition, electricity generation and fuel consumption data for individual power plants with more than 1 megawatt of capacity are available. These data are structured into a hierarchical set of 39,000 categories, grouping related series and assisting in the exploration of EIA’s data.

Moreover, there is geographical metadata provided with each series (for example, the longitude and latitude information of individual electricity plants). Standards-based country and state codes are provided, where applicable. These metadata will permit advanced mapping applications. The newly launched tool is a part of governmental planned Digital Strategy to allow for accessibility and transparency of information to the customers.

To access API click here

CME Launches Power Futures

On September 17, 2012, CME launched futures for major electricity hubs on CME Globex. These futures are currently available in New Release for customer testing. 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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<tbody>
<tr>
<td>FTL</td>
<td>Indiana Hub 5 MW Off-Peak Calendar-Day Real-Time Swap Futures</td>
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<td>AOL</td>
<td>PJM AEP Dayton Hub Real-Time Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<tr>
<td>NOI</td>
<td>PJM Northern Illinois Hub Real-Time Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>WOL</td>
<td>PJM Western Hub Real-Time Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<tr>
<td>FAL</td>
<td>Indiana Hub 5 MW Off-Peak Calendar-Day Day-Ahead Swap Futures</td>
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<tr>
<td>IDL</td>
<td>ISO New England Mass Hub Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<tr>
<td>ZAL</td>
<td>NYISO Zone A Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>ZGL</td>
<td>NYISO Zone G Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>ZIL</td>
<td>NYISO Zone J Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>PEL</td>
<td>PJM AEP Dayton Hub Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<tr>
<td>POL</td>
<td>PJM Northern Illinois Hub Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>D2L</td>
<td>AEP-DAYTON HUB DAILY</td>
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<td>PTL</td>
<td>Indiana Hub 5 MW Peak Calendar-Day Real-Time Swap Futures</td>
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<tr>
<td>UDL</td>
<td>NORTHERN ILLINOIS HUB DAILY</td>
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<td>JDL</td>
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<td>PWL</td>
<td>PJM Western Hub Day-Ahead Off-Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>FPL</td>
<td>Indiana Hub 5 MW Peak Calendar-Day Day-Ahead Swap Futures</td>
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<td>NEW ENGLAND HUB PEAK DAILY</td>
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<td>NEW YORK HUB ZONE A PEAK DAILY</td>
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<td>NEW YORK HUB ZONE B PEAK DAILY</td>
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<td>ANL</td>
<td>NYISO Zone A LBMP SWAP FUTURE</td>
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<td>PAL</td>
<td>PJM AEP Dayton Hub Day-Ahead Peak Calendar-Day 2.5 MW Swap Futures</td>
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<td>PNL</td>
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<td>WPL</td>
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<td>Indiana Hub 5 MW Off-Peak Calendar Month Real-Time Swap</td>
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<td>PJM AD HUB 5MW REAL TIME O PK</td>
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CME Launches 164 Natural Gas Contracts

On September 10, 2012, CME launched a broad suite of new natural gas markets. The new natural gas product suite includes 164 natural gas contracts available at 52 trading hubs. It also offers market participants several new trading strategies including calendar strip and strip spread pricing, intra-month calendar strip trade pricing, cross basis swaps.

The new contracts will be listed as futures on CME Globex, the New York Mercantile Exchange trading floor, CME ClearPort and for trading on CME Direct. These contracts are listed with, and subject to, the rules and regulations of NYMEX.

CME Launches Energy Futures and Options

Effective October 15, 2012, 55 new energy futures and options are available for trading on CME Globex, pending regulatory review periods. Settlement prices will be published for the synthetic futures to support customer options pricing models. The new products are available for testing in New Release for customers on October 1, 2012. These contracts are listed with, and subject to, the rules and regulations of NYMEX.

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<thead>
<tr>
<th>CME Code</th>
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<td>Coal (API2) CIF ARA (ARGUS-McClosey) Swap Futures</td>
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<td>QP</td>
<td>Powder River Basin Coal (Platts OTC Broker Index) Swap Futures</td>
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<td>QXB</td>
<td>CSX Coal (Platts OTC Broker Index) Swap Futures</td>
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<td>CU</td>
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<td>B0</td>
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<td>WTI-Brent (ICE) Calendar Swap Futures</td>
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<td>BR7</td>
<td>Gasoline Euro-bob Oxy (Argus) NWE Barges BALMO Swap Futures</td>
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<td>CSX</td>
<td>WTI Calendar Swap Futures</td>
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<td>CF</td>
<td>Brent (ICE) Calendar Swap Futures</td>
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<td>Dubai Crude Oil (Platts) Calendar Swap Futures</td>
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<td>European Naphtha (Platts) Crack Spread Swap Futures</td>
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<td>Fuel Diff. 1% NWE FOB Cargoes vs. 3.5% Barges (Platts) Swap Futures</td>
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<td>Gulf Coast ULSO (Platts) Crack Spread Swap Futures</td>
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<td>Heating Oil Arb: NYMEX Heating Oil vs. ICE Gasoil Futures</td>
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<td>JA</td>
<td>Japan C&amp;F Naphtha (Platts) Swap Futures</td>
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<td>Gulf Coast USLO (Platts) Up-Down Spread Swap Futures</td>
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<td>Gulf Coast Jet (Platts) vs. Heating Oil Spread Futures</td>
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<td>MFB</td>
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<td>MM</td>
<td>New York Harbor Residual Fuel 1.0% (Platts) Swap Futures</td>
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<td>RBB</td>
<td>RBOB Gasoline vs. Brent Crack Spread Swap Futures</td>
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<td>RLX</td>
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<td>RV</td>
<td>Gulf Coast Unl B7 Gasoline M1 (Platts) vs. RBOB Gasoline Swap Futures</td>
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<td>SD</td>
<td>Singapore Fuel Oil 180 cst vs. 380 cst Spread (Platts) Swap Futures</td>
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<td>SE</td>
<td>Singapore Fuel Oil 380 cst (Platts) Swap Futures</td>
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<tr>
<td>SGB</td>
<td>Singapore Gasoil (Platts) Swap Futures</td>
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Platts Launches ICE Brent NX Futures Assessment

On October 1, 2012, Platts started to assess ICE Brent NX Futures published for the front four contracts listed on ICE futures. The prevailing value of the contracts at exactly 4:30 p.m. London time will be reflected in the assessments.

Platts also proposed an extension of the legacy ICE Brent futures contracts to include the fourth front month contract listed on ICE Futures. Front three month contracts listed on ICE, reflecting prevailing values at 4:30 p.m. London time, are reflected in ICE Brent Futures Assessments, currently published by Platts. The assessments will appear in Platts Global Alert, pages 703 and 704, as well as in Crude Oil Marketwire and Oilgram Price Report.
ICE Clears Its First LNG Swap

On September 10, 2012, ICE Clear Europe cleared its first liquefied natural gas (LNG) swap on the Platts Japan Korea Market (JKM). The transaction of 20 lots reflected 200,000 Million British Thermal Units and was submitted for clearance on September 7, 2012 by brokerage firm Tullett Prebon Europe Limited. Two oil and gas majors were the counterparties to the trade. ICE Clear Europe introduced the JKM LNG cleared swap on September 4, 2012.

<table>
<thead>
<tr>
<th>ICE Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>JKM</td>
<td>JKM LNG Swap Future</td>
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“We are delighted to have brokered the first cleared JKM swap at ICE Clear Europe. It is the desired outcome and follows two years developing the cleared LNG swap market with industry participants. The introduction of cleared JKM LNG swaps at ICE Clear Europe has boosted liquidity and we look forward to further promoting the benefits of central counterparty clearing to this market. Tullett Prebon LNG has brokered numerous short-term and medium-term cargoes and re-gasification capacity since the desk was established in late 2007. The financial brokerage business is a natural extension of its presence in the physical LNG market,” said Melissa Lindsay, Global Head of LNG, Tullett Prebon Europe Limited.

“ICE is pleased that Tullett Prebon has brokered the first cleared JKM LNG swap at ICE Clear Europe. The introduction of the JCE Japan Korea Marker LNG swap has further enhanced ICE’s broad range of OTC energy products. With over 96% of ICE’s OTC energy volume now cleared, ICE has demonstrated ‘that standardization and liquidity are continuing to support the increased use of clearing,’” said David Peniket, President & COO, ICE Futures Europe.

The APX-Endex Launches ZTP Gas Market

On September 27, 2012, a Working Days Next Week contract for 30 MW was traded for the price of €25.50/MWh between Lampiris SA and EDF Trading Ltd resulting in a total volume of 3,600 MWh. It became the first trade conducted on the APX-Endex.

APX –Endex, in conjunction with Fluxys Belgium, launched the new Belgian exchange to boost market liquidity and price transparency in the Belgian gas market. The new exchange currently has 20 registered participants for the Gas Zeebrugge Trading Point (ZTP) market. The products offered for trading include Balance of Day, Day-Ahead, 4 Blocks, Working Days Next Week, Balance of Week, and Weekend. Depending on the needs of market participants, a range of longer term contracts may be launched at a later stage.

The go-live of the Within-Day balancing market is October 1, 2012.

Platts Launches LNG Data Page

On September 10, 2012, a new LNG market data page providing LNG trades, bids, offers, tenders and relevant market information in real-time was launched by Platts. The information, gathered from daily interaction with LNG market participants, is available to all NGA subscribers and is labeled PGN0001.

Platts Launches Daily Assessments for US Steam Coal Exports

On October 1, 2012, Platts launched four new daily thermal coal assessments on an FOB US export basis. They are:

- Daily FOB US East Coast Thermal Coal Assessment
- Daily FOB US Gulf Coast Eastern Thermal Coal Assessment
- Daily FOB US Gulf Coast Western Thermal Coal Assessment
- Daily FOB Canada/US West Coast Thermal Coal Assessment

Each of the four assessments will reflect the price of coal loading FOB 14-45 days forward from the date of publication at US ports in the East, Gulf and West Coasts. Reflecting all-day market monitoring and data collection of transactions, bids, offers and other trading activity, assessments will reflect the value at the close of the physical trading day at 4 p.m. US Eastern time. Assessments will be expressed in US dollars per metric ton ($/mt). The assessments will be published daily in Platts Coal Trader and Coal Trader International, on Platts European Power Alert and Platts Electricity Alert, and in Platts Market Data.

CME Delists China Coal Swap Futures

Effective September 10, 2012, NYMEX delisted the China Coal (IHS McCloskey/Xinhua Infolink South China CFR Marker 5,500kc NAR) Swap futures contract. The trading venues for this contract were the NYMEX trading floor and CME ClearPort. There was no open interest in this contract.

Currently, NYMEX offers the Coal (API 8) cfr South China (Argus/McCloskey) Swap futures contract for trading on the NYMEX trading floor and for submission for clearing through CME ClearPort.

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<th>CME Code</th>
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<tr>
<td>CMC</td>
<td>IHS McCloskey/Xinhua Infolink South China CFR Marker 5,500kc NAR</td>
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</tbody>
</table>

Platts to Discontinue some Asian and Middle Eastern MDO Assessments

On September 26, 2012, Platts announced that it will no longer assess marine diesel for Fujairah, Hong Kong, Khor Fakkak, Kuwait, South Korea, Singapore, Sydney and Melbourne, effective February 1, 2013.

The MDO assessments for Japan and West Japan will continue, and a new marine gasoil assessment for Kuwait will be launched. The assessments are currently published on Platts Global Alert, Platts Bunkerwire and in the Platts price assessment database.

Platts Terminates Assessing NWE T1 Spot Methanol

On September 18, 2012, Platts decided it will no longer assess daily and weekly Europe T1 methanol published in $/mt CIF, effective April 18, 2013. Currently, the assessments are published on the Platts Petrochemicals Alert (PCA) service line.
Platts to Cease Spot Methanol Assessments for FOB China and CFR Japan

On September 6, 2012, Platts proposed to cease assessing weekly spot methanol for CFR Japan (PHACG00) and FOB China (AAWVY00) and will make a final decision after November 30, 2012.

The assessments are currently published on the Platts Petrochemicals Alert service line, Asian Petrochemicalscan and in the Platts database.

ICE Acquires a Majority Stake in APX-ENDEX and Forms a New Entity with Gasunie

On September 17, 2012, ICE and Gasunie announced an agreement to create a new company based on the derivatives and spot gas exchange of APX-ENDEX, under condition of ICE acquiring a majority stake (79.12%) in the derivatives and spot gas business of APX-ENDEX, while Gasunie retains 20.88% of shares.

APX-ENDEX announced that it would rearrange and demerge its business into two separate entities: a power spot and clearing business and a derivatives and spot natural gas business. The gas business includes derivatives and spot trading around the Title Transfer Facility (TTF) Virtual Trading Point in the Netherlands — one of continental Europe’s leading natural gas trading hubs, as well as the UK On-the-Day Commodity Market (OCM) and the Belgian Zeebrugge Trading Point (ZTP) to launch at the end of September.

The transaction is expected to be completed by the end of the first quarter of 2013. Moreover, it will be funded by cash on hand. The transaction is subject to regulatory approvals and certain closing conditions. Société Générale Corporate & Investment Banking advised ICE on the transaction and Shearman & Sterling LLP and Loyens & Loeff N.V. served as ICE’s legal advisors.

“The partnership with ICE is a significant step and provides the best outcome for shareholders, members and participants of the exchange. Gasunie is very happy to partner with ICE based on its role as a leading provider and trading platform for global commodity markets and its world-class technology and clearing capabilities. Gasunie and ICE share a commitment to further develop a liquid, transparent and secure gas market for customers in Europe and around the world. This is a positive development for traders, suppliers and consumers in the gas market,” said Paul van Gelder, CEO of Gasunie.

Platts Adds Southern Natural, Louisiana, to Gas Forward Assessments

Effective September 27, 2012, Platts is adding Southern Natural, Louisiana, to the Platts-ICE Forward Curve Natural Gas North America due to increased trading in the forward market at that location. The location definition will be the same as the Platts daily and monthly physical gas survey descriptions.

The daily forward assessments are published in the forward curve add-on to Platts Natural Gas Alert and through Platts Market Data in category GN. Due to decreased trading at Trunkline, Louisiana, Platts will discontinue this location in the Platts-ICE Forward Curve Natural Gas, effective February 26, 2013.

For the Southern Natural, Louisiana location definition, click here.

ICE Rotterdam, Richards Bay & gc Newcastle Coal Futures Extended

Effective October 1, 2012, ICE Futures Europe announced an extension to the curve for:
- ICE Rotterdam Coal Futures, for contract specifications click here
- ICE Richards Bay Coal Futures, for contract specifications click here
- ICE gc Newcastle Coal Futures, for contract specifications click here

The listing is extended up to 84 months as:
- Quarters: Q4 2012 – Q4 2018
- Seasons: Winter 2012 - Summer 2015 (Rotterdam & Richard’s Bay only)
- Years: Cal 2013 – Cal 2018

The following graph shows ICE daily Settled Coal Futures for Richards Bay and Rotterdam locations.

Platts to Update Conversion Factors in LNG Market Coverage

Since October 1, 2012, thermal conversion factors used in LNG market coverage by Platts, have been updated and applied to oil assessments when converting from barrels and metric tons to MMBtu. The updated factors apply to Platts Dated Brent, Asian Dated Brent, Minas crude oil, low sulfur waxy residue (LSWR), naphtha, Northwest European fuel oil, US Gulf Coast 3%S fuel oil and New York Harbor 1%S fuel oil.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Updated Conversion Factor for Dollars per MMBtu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dated Brent</td>
<td>From 5.26 dollars per barrel to 5.8 dollars per MMBtu</td>
</tr>
<tr>
<td>Asian Dated Brent</td>
<td>From 5.26 dollars per barrel to 5.8 dollars per MMBtu</td>
</tr>
<tr>
<td>Minas Crude Oil</td>
<td>From 5.36 dollars per barrel to 5.99 dollars per MMBtu</td>
</tr>
<tr>
<td>LSWR</td>
<td>From 5.8 dollars per barrel to 5.5 dollars per MMBtu</td>
</tr>
<tr>
<td>2% sulfur 180 CST FOB Singapore</td>
<td>Unchanged at 39.7 dollars per MMBtu</td>
</tr>
<tr>
<td>Naphtha CFR Japan</td>
<td>From 41.7 dollars per barrel to 46.8 dollars per MMBtu</td>
</tr>
<tr>
<td>Northwest Europe Fuel</td>
<td>From 40.22 dollars per barrel to 39.7 dollars per MMBtu</td>
</tr>
<tr>
<td>US Gulf Coast 3% Fuel</td>
<td>From 6.287 dollars per barrel to 6.25 dollars per MMBtu</td>
</tr>
<tr>
<td>New York Harbor Fuel</td>
<td>From 6.287 dollars per barrel to 6.25 dollars per MMBtu</td>
</tr>
</tbody>
</table>

Platts Natural Gas Alert will publish these assessments on pages 1021, 1024, 1028 and 566. They will also be published in the Platts LNG Daily publication.

*Graph created with ZEMA*
CME Launches Chinese Steel Rebar Swap Futures

On September 27, 2012, CME launched Chinese Steel Rebar HRB400 (Mysteel) Swap Futures based on Mysteel’s market-leading price data services to begin trading on October 15. The new rebar contract allows customers who have exposure to the Chinese construction and rebar industries to manage their price risk by using the most relevant price data. This product is listed with, and subject to the rules and regulations of NYMEX.

<table>
<thead>
<tr>
<th>CME Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBR</td>
<td>Chinese Steel Rebar HRB400 (Mysteel) Swap Futures</td>
</tr>
</tbody>
</table>

For RBR contract specifications click here

Platts Launches Assessment for US Used Lead Acid Batteries

On September 25, 2012, Platts announced the launch of a new weekly spot price assessment for US used lead-acid batteries, effective October 30, 2012. Prices would be assessed weekly through secondary lead smelter buyers, scrap dealers, traders and brokers. Lead prices would be assessed weekly on Tuesdays. The 50% lead-acid starter lighter ignition automotive batteries would be assessed in cents/lb and after being picked up from US Midwest, they would be suitable for delivery to secondary smelters within 30 days, net -30 days payment terms. Standard order size would be one to five truckloads, with one truckload of 42,000-44,000 lb being the minimum quantity. Batteries would be packaged in pallets sized 40” or 44” by 48”, with a maximum of three battery layers separated by cardboard sheets.

NCDEX Launches New Gold Contract


First SGX Iron Ore and Freight Options Brokered by FIS

On September 10, 2012, FIS brokered a flurry of iron ore and freight options through the Singapore Exchange (SGX), Cargill, Deutsche Bank, Macquarie Bank, and Paralos Fund were among the funds involved in the six SGX options trades brokered by FIS.

Some experts believe the high volatility in the market will help drive cleared iron ore swaps and options volumes to a potential 175 million tonnes for 2012, a staggering 270% rise from 47.2 million tonnes in 2011. With iron ore prices having an implied volatility of 42%, these derivatives tools are essential for market participants to trade and manage risk.

Despite the recent slump in freight rates, implied volatility for iron ore remains high.

First US Scrap Swap Brokered by FIS

On September 10, 2012, Freight Investor Services (FIS) brokered the first US scrap swap on the first day these contracts were made available for clearing through CME Group. The new US Midwest #1 Busheling Ferrous Scrap (AMM) swaps contract is the first US ferrous scrap derivatives contract available to steel industry participants and is settled against the American Metal Market’s US Midwest Ferrous Scrap Index. Scrap is responsible for 60% of the US Crude steel production in 2011. In addition, United States is the world’s biggest scrap exporter, supplying over 20% of the world’s scrap requirements. This contract can be appealing to the market participants who are looking for risk management tools in the volatile ferrous scrap market.

MCX Launches Silver 1000 and Cotton Seed Oil Cake Products

Effective September 27, 2012, Multi Commodity Exchange of India Ltd (MCX) launches two new contracts – Silver 1000 and cotton seed oil cake (called Kapasia Khalli in Hindi). The former is a deliverable 1kg silver contract with New Delhi as its base delivery centre. This contract aims at small jewelers and retail investors, who have a need for 1 kg silver bar in demat or physical form.

“MCX’s contracts have always tried to meet the varied needs of all the stakeholders of a commodity’s value chain. The Silver 1000 contract is a unique contract that will go a long way in meeting the needs of physical market participants and retail investors as it will enable them to take delivery of 1 kg silver bar at lower margins as compared to the hitherto 30 kg bars. With the festive season fast approaching, this contract is an ideal offering from the Exchange to the market participants,” said Mr. Shreekant Javalgekar, MD & CEO, MCX.

Kapas Khalli is the by-product of oil cotton seed, which is used to feed cattle either directly or as an ingredient of compound cattle feed in large industrial units. The trading unit of the Kapasia Khalli contract is 10 mT and its tick size is 50 paise per 100 kg, including sales tax. The deliverable contract has Rajkot (Gujarat) as the base delivery centre with Kadi (Gujarat) and Akola (Maharashtra) as additional delivery centres. Mr. Shreekant Javalgekar, MD & CEO, MCX said: “The Kapasia Khalli contract with a tick size of 50 paise will ensure better liquidity. This contract will help ginners to hedge their margins. The base delivery centre of the contract is Rajkot, which is located in Gujarat, which accounts for 35 percent of Kapasia Khalli produced in the country. The additional delivery centres of the contract, Kadi and Akola, will attract a location premium discount of Rs. 20 and Rs. 30, respectively. With this contract, MCX’s cotton basket offerings will include Cotton (29 mm), Kapas and Kapasia Khalli, which will enable us to meet the needs of most stakeholders of the cotton trade value chain,” he added.

FIS Launches Swaps on Argus Nitrogen Index

On July 16, 2012, FIS launched fertilizer swaps contracts for settlement against the new composite Argus Nitrogen Index. FIS believes the index provides a valid “per unit N value”, based on a basket of nitrogen based products and will be a useful addition to the market for enhancing price risk management strategies. The new index includes prices for ammonia, urea, UAN solutions, ammonium nitrate and ammonium sulphate. Argus will compile the index using 11 pricing points for the Black Sea, the Baltic, the US Gulf, Egypt and the Middle East.
Eurex Launches Whey Powder Futures and Extends Maturities for Dairies Contracts

Effective September 28, 2012, Eurex expands its agricultural derivatives segment by launching futures contract on whey powder (FWHY), with the underlying European Whey Powder Index published by the Agrarmarkt Informations-Gesellschaft mbH, Bonn. The new contract completes the existing suite of futures on skimmed milk powder and butter, which were launched since May 2010. Similar to the existing contracts, the new futures contract is based on a trading unit of five metric tons and denominated in euros and settles in cash.

Additionally, effective September 7, 2012, Eurex extends the maturities for existing dairies contracts with trading hours adjusted. The change includes contracts for Skimmed Milk Powder Index Futures and Butter Index Futures to be available with terms up to the next six calendar months and the following four quarterly months from the cycle January, April, July and October. All three dairies futures will be tradable from 8:45 to 18:30 CET.

NCDEX Launches New Contracts and Premium/Discount for Agricultural Products

Effective September 10, 2012, the new contracts are available for trading with the amounts of Premium/Discount for differences in grades/delivery, location/grade and location/packaging cost differences, which would be treated as good delivery.

The Premium/Discount for variations in qualities within the acceptable limits will continue to be governed by respective product notes/circulars. In case of any contracts launched subsequently, the Premium/Discount for the same shall be announced before the launch of the contract. The following table is a list of products introduced by NCDEX.

<table>
<thead>
<tr>
<th>NCDEX Code</th>
<th>Commodity</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>BARLEYJPR</td>
<td>BARLEY</td>
<td>18-Jan-13</td>
</tr>
<tr>
<td>CASTORSEED</td>
<td>CASTOR SEED</td>
<td>18-Jan-13</td>
</tr>
<tr>
<td>CHARJDEL</td>
<td>CHANA</td>
<td>18-Jan-13</td>
</tr>
<tr>
<td>CHILL334GTR</td>
<td>CHILI</td>
<td>20-Dec-12</td>
</tr>
<tr>
<td>COCODAKL</td>
<td>COTTON SEED OIL CAKE</td>
<td>20-Mar-13</td>
</tr>
<tr>
<td>DHANVIYA</td>
<td>CORIANDER</td>
<td>20-Dec-12</td>
</tr>
<tr>
<td>GOLD100AHM</td>
<td>GOLD 100 GMS</td>
<td>20-Dec-12</td>
</tr>
<tr>
<td>GURCHMUZR</td>
<td>GUR</td>
<td>20-Mar-13</td>
</tr>
<tr>
<td>JEERAUNJHA</td>
<td>JEERA</td>
<td>20-Dec-12</td>
</tr>
<tr>
<td>MAIZE</td>
<td>MAIZE</td>
<td>18-Jan-13</td>
</tr>
<tr>
<td>PPRMLGKOC</td>
<td>PEPPER</td>
<td>20-Feb-13</td>
</tr>
<tr>
<td>PVC</td>
<td>POLYVINYL CHLORIDE</td>
<td>20-Dec-12</td>
</tr>
</tbody>
</table>

For product specifications, including Premium/Discounts click [here](#)

Platts Ceases Assessing MW Four Corners US Lead

On September 25, 2012, Platts announced its intent to cease assessing the MW Four Corners price for lead. The market price-based assessment, which is published daily on Platts Metals Alert (page 306) and in Metals Week daily price pages, LMAAW10, will be terminated on December 31, 2012.
EEX Runs EUA Auctions for the Czech Republic

On October 11, 2012, the European Energy Exchange (EEX) will hold primary market auctions of EU allowances (EUA) on behalf of the Czech Ministry of the Environment through its platform. These auctions will comprise unallocated volumes from the Czech Republic's new entrants reserve (NER) for the second trading period of the EU emissions trading system (2008-2012). EEX was selected as the service provider from a group of several possible candidates.

The total volume of EUAs sold through the EEX spot market is around two million and will be auctioned off in two tranches. The auction taking place on October 11, 2012, will comprise one million EUA. Bids can be submitted by participants from 9 to 11 a.m. (CET). Meanwhile, the second auction date will be determined in coordination with the Czech authorities and will be announced in due time.

The Czech Ministry of the Environment was granted an auctioneer status on the EEX. This was established by the EEX specifically for the purpose of primary market auctions and is a simple form of admission for public or private bodies that are commissioned to auction off emission allowances.

EEX Launches German Auctions

Effective October 12, 2012, the European Energy Exchange (EEX) launches the primary market auctions of Emission Allowances for the third trading period on behalf of the Federal Republic of Germany, pending the formal approval of the EU Commission.

The auctions of 2,400,000 EU Emission Allowances (EUA) are to take place on Fridays on the EEX Spot Market. The last auction date of the year (December 14, 2012) is for the remaining number of 1,931,000 EUA. In addition, the EEX will auction EU Aviation Allowances (EUAA) for the second trading period on the Spot Market on two dates: Wednesday, October 17 and November 14, 2012. Therefore, the EEX will be the first exchange to carry out the primary market auctions of Emission Allowances for airlines.

Following a Europe-wide tendering procedure, the EEX was awarded a contract for the execution of the transitional auction platform by the Federal Environment Agency on February 27, 2012. This resulted in a total of 23.531 million Emission Allowances of the third trading period to be auctioned in 2012 in the context of the so-called “early auctions”. Overall, the EEX, in its capacity as the German transitional platform, will auction up to 85 million Emission Allowances at least until the first quarter of 2013. In addition, European Commission chose the EEX to operate as the transitional common auction platform for Emission Allowances of the third trading period. In its capacity as the common auction platform, the EEX aims to conduct EUA auctions scheduled for 2012 on Tuesdays and Thursdays and auctions of EUAA on Wednesdays and occasionally on Mondays.

Exact volumes and dates for the auctions are currently being finalized between the EEX and the Commission alongside the Member States. The last auction of German auctions (EUA) of the second trading period on the derivatives market will be held on October 31, 2012. The remaining volume will be auctioned on the EEX Spot Market on a weekly basis (Tuesdays) from November 6, 2012 onward.

EEX publishes all auction dates and volumes in the auction calendar under: www.eex.com > Download > Documentation > EUA Primary Auction

AccuWeather Adds Forecasting Points for Stadiums and Golf Courses

On September 17, 2012, AccuWeather announced addition of over 53,000 points of interest to the search functionality on the website. It now includes forecasts for the NFL, the NCAA Division 1A, MLB Stadiums, as well as airport names/codes for many global locations, as well as many popular U.S. ski resorts, national and state parks, historic monuments/statues, amusement parks, golf courses, race tracks, vineyards, shopping centers, campgrounds, and zoos.


Graphs below show weather data provided by Accuweather.
Weather Underground Offers Users Participation in Reporting

On September 12, 2012, Weather Underground launched its latest technology from RainWise Inc., a new personal weather station that allows users to report live weather data back to wunderground.com. The new addition was launched for people who want to be a part of Weather Underground’s network of 24,000 weather stations.

The solution is comprised of a wireless, solar powered MK-lll-LR weather station and a compact IP-100 Internet gateway that come fully assembled for quick and easy installation. The system is “Rapid Fire” enabled with a refresh rate of just three seconds, so data is directly uploaded to wunderground.com in virtually real-time.

“This new hardware from RainWise provides a plug and play solution for anyone interested in joining our weather station network and receiving local weather forecasts to their front door,” said Alan Steremberg, President and co-founder of Weather Underground. “Until now, setting up a weather station and routing the weather data to our servers was a more convoluted process. RainWise’s package requires no local computer or special software.”

New European Satellite Launched to Improve Weather and Climate Predictions

On September 17, 2012, a European environmental satellite Metop-B was launched from Baikonur Cosmodrome in Kazakhstan. It is the second of three polar-orbiting satellites launched by the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), a NOAA partner. The new satellite enables NOAA to capture data that feeds numerous models used to forecast weather and climate in the United States.

The partnership between the two agencies started in 1998 and became known as the U.S. – European Initial Joint Polar System, (UHPS), in which NOAA and EUMETSAT agreed to fly sensors on each agency’s respective polar-orbiting satellites that circle the globe 14 times a day, but in different orbits. The Metop satellites fly in the mid-morning orbit, and NOAA’s polar-orbiting environmental satellites, which are the U.S. contribution to the IJPS agreement, circle the Earth in the afternoon orbit.

The Metop satellites contain advanced sensors for greater accuracy of atmospheric temperature, water vapor and ozone soundings, which are vital for improving weather forecasts, and special sensors for search and rescue operations. NOAA has comparable sounding capabilities on its next-generation of polar-orbiting satellites, the Joint Polar Satellite System (JPSS).

NOAA provides five of the joint instruments on board the satellites and EUMETSAT developed and provides NOAA with the Microwave Humidity Sounder, which monitors water content in clouds and estimates the rate of precipitation. NASA, on behalf of NOAA, manages the development, testing and integration of the five U.S. instruments that are flying on Metop-B.
CME Launches Physically Delivered Contracts on Offshore Chinese Renminbi

Effective November 18, 2012, CME is launching new Standard-size and E-micro-size U.S. Dollar/Offshore Chinese Renminbi (USD/CNH) Futures contracts for the next trade date. These futures contracts feature physical delivery of Chinese renminbi in Hong Kong (CNH), pricing in interbank terms of Chinese renminbi per U.S. dollar with associated daily settlement variation banked in Chinese renminbi “offshore” in Hong Kong and fungible (offsetting) on a long (short) 10 E-micro to short (long) 1 standard contract basis.

The Chinese government and People’s Bank of China (PBOC) have undertaken various steps to internationalize the Chinese renminbi currency recently including allowing physical delivery of Chinese renminbi or yuan in Hong Kong. This market has grown over the past two years and CME believes it is sufficiently developed to underlie futures contracts. The trading venues are CME Globex and CME ClearPort.

For contract specifications click here

The following graph shows Jan 2013 USD / CNY futures.

Data Source - CME*

NYSE Liffe Launches Futures on the Russell Europe SMID 300 Index

Effective October 1, 2012, new futures contracts on the Russell Europe SMID 300 Index launched by NYSE Liffe are available for trading on Bclear. The new Russell Europe SMID 300 Index is comprised of 300 most rapidly tradable products from the small- and mid-cap (SMID cap) opportunity set in developed European markets. It was designed with significant contribution from the trading community for the purpose of creating an easy use in the trading environment, as well as representing the low implementation cost alternative to existing indexes. The Index is unique, as it is the first of its kind and is created to minimize the time it takes to trade a basket of stocks that replicates the index constituents and their weights.

A number of large European financial institutions were consulted during the creation process, such as Barclays, Deutsche Bank, Goldman Sachs and UBS.

CFE Launches S&P 500 Variance Futures

Effective October 4, 2012, CBOE Futures Exchange (CFE) launched S&P 500 Variance futures, pending regulatory approval. The new futures give an opportunity for participants to trade the difference between the implied and realized variance of the S&P 500 Index.

A CFE’s futures contract offers quoting conventions and economic performance similar to OTC variance swaps, while providing the advantages of exchange-traded contracts - transparency, price discovery and counterparty clearing guarantees. In addition, the CFE will begin a Lead Market Maker Program (LMM) for S&P 500 Variance futures, and an affiliate of DRW Trading Group has been approved as an LMM. DRW Trading Group trades across a wide range of asset classes for its own account.

For more information on S&P 500 Variance futures click here

ISE Launches the Virtus Wealth Masters Fund on ISE Index

On September 10, 2012, the International Securities Exchange (ISE) announced that the first mutual fund based on an index jointly developed by ISE and Horizon Kinetics LLC was launched by Virtus Investment Partners (NASDAQ: VRTS). The Virtus Wealth Masters Fund (VWMAX, VWMCX, VWMIX) tracks the Horizon Kinetics ISE Wealth Index (RCH), which is made up of high-quality US-listed public companies run by skilled management teams that are driven by long-term shareholder value creation. With the introduction of this new fund, investors have an opportunity to gain exposure to senior management teams in high-performing businesses. The fund began trading on September 6, 2012.

HKEx Starts Trading RMB Currency Futures

On September 17, 2012, Hong Kong Exchanges and Clearing Limited (HKEx) RMB Currency Futures were traded for the first time and resulted in the total of 415 contracts, which is equivalent to a total notional turnover of US$41.5 million. The three most actively traded contracts were quarterly expiries in December 2012 (82 contracts), June 2013 (80 contracts) and March 2013 (72 contracts). The new product was traded by 24 exchange participants.

*Graph created with ZEMA
Markit Launches Corporate CDS Indexes for CEEMEA and Latin America

On September 20, 2012, Markit launched its Markit iTraxx CEEMEA and Markit CDX LatAm Corporate indexes. These are the first credit default swap (CDS) indexes referencing corporate debt in Central and Eastern Europe, Middle East and Africa (CEEMEA) and Latin America.

This initiative is a response to the growing demand for access to emerging markets; these indexes enable investors to gain or hedge exposure to corporate credit risk in CEEMEA and Latin America.

For more information about index parameters of the Markit iTraxx CEEMEA index and the Markit CDX LatAm Corporate index, check Markit iTraxx News and the Markit CDX News pages.

Deutsche Börse x-trackers Bonds Index Launched on Xetra

On September 12, 2012, Deutsche Börse listed three new exchange traded funds issued by db X-trackers, a subsidiary of Deutsche Bank, in the XTF segment on Xetra. The three new db x-trackers bond ETFs from the MTS index family enable investors to target participation for the first time in the performance of Italian government bonds denominated in euros. The following table describes the new bond index ETFs on Xetra:

| ETF Name                             | Total Expense Ratio | Distribution Policy | Benchmark                                      | ISIN              |
|--------------------------------------|---------------------|---------------------|------------------------------------------------|
| db x-trackers II MTS Ex-Bank of Italy BTP ETF | 0.20 percent        | non-distributing    | MTS Italy BTP - Ex-Bank of Italy Index         | LU0613540185      |
| db x-trackers II MTS Ex-Bank of Italy BOT ETF | 0.15 percent        | non-distributing    | MTS Italy BOT - Ex-Bank of Italy Index         | LU0613540268      |
| db x-trackers II MTS Ex-Bank of Italy Aggregate ETF | 0.20 percent        | distributing        | MTS Italy Aggregate - Ex-Bank of Italy Index   | LU0613540698      |

The product offering in Deutsche Börse’s XTF segment currently comprises a total of 1,003 exchange-listed index funds making Xetra Europe’s leading trading venue for ETFs.

Xetra to Offer Continuous Trading For Bonds

Effective October 1, 2012, bond trading on Xetra was expanded to include over 2,000 international government and corporate bonds and 60 German government bonds. Market participants benefit from a transparent and liquid bond market and gain access to a brand investor network through Xetra. A large number of government and corporate bonds are still traded OTC without sufficient transparency, which leads to high risks and unclear prices for trading participants and investors. Xetra Bonds is a pan-European bond trading model with high transparency and binding quotes; designated sponsors and specialists provide high liquidity. The aim is for all market participants to profit equally.

For the first time, the open Xetra order book shows the five best bid-and-ask limits and the market data dissemination offers trading participants complete transparency in pre and post trading. While meeting the highest transparency requirements, designated sponsors and specialists provide additional liquidity in trading, quoting, and asking prices on a continuous basis. The first designated sponsors are Optiver V.O.F. Netherlands, Finrint B.V. and Close Brothers Seydler Bank AG, which also acts as specialist. Further specialists in bond trading are Steubing AG and ICF Kursmakler AG.

Rainer Rieß, Managing Director Xetra Market Development at Deutsche Börse, said, “We already meet the transparency requirements of the revised MiFID financial market regulations which will be mandatory in two to three years’ time.”

CME Launches Deliverable Interest Rate Swap Futures

Effective November 13, 2012, CME launches deliverable Interest Rate Swap futures contracts, which are listed on, and subject to, the rules and regulations of CBOT and are submitted for review by the CFTC. The new contracts aim to meet the demand from financial market participants, such as banks, hedge funds, asset managers and insurers. Citi, Credit Suisse, Goldman Sachs, and Morgan Stanley are among the firms who are planning to serve as market makers for the product, enabling market participants to access deep and liquid markets.

Futures contracts will be listed for quarterly expiration on IMM dates, for physical delivery of OTC US dollar interest rate swaps at key terms to maturity (2, 5, 10, 30 years). Contracts will be quoted on a price basis, with a fixed coupon for each contract that is set by the Exchange when the contract is listed for trading. At expiration the holder of a long futures position will become the fixed rate receiver and floating rate payer in an OTC interest rate swap cleared by CME Clearing.

Meanwhile, the product has the same economic exposure as an interest rate swap, the margin and liquidity benefits of a futures contract, and at expiration all open positions will deliver into a CME Cleared Interest Rate Swap. The product will be a standardized future, trading both electronically on CME Globex and via open outcry, and will be eligible for privately negotiated transactions.

ICE Delists Reuters Jeffersis/CRB Index and CCI Index Futures

Effective September 25, 2012, ICE delisted all previously listed expiration months in the Reuters Jefferies/CRB Index futures contract, and will cease listing new expiration months for the contract due to the contract months posing carrying no outstanding open interest.

Additionally, the exchange delisted new expiration months for the CCI Index futures contract. The currently open CCI Index futures contract for November 2012 and the January, February and April 2013 expiration months are to be listed until the regular last trading day for the respective contract month.

Upon the expiration of the last of the contracts on April 12, 2013, the CCI Index futures will be completely delisted. In the event that open interest in any of these CCI expiration months goes to zero before the last trading day of the contract month, that expiration will be delisted by the exchange at that time.

Markit and Euroclear Bank to Distribute Eurobond Data

On September 17, 2012, Markit formed a partnership with Euroclear Bank’s to distribute Eurobond reference data, giving financial market participants direct access to information on more than 200,000 Eurobonds. Euroclear Bank is a provider of cross-border settlement and related services for bond, equity, derivative and fund transactions, and will improve the reach of its data services with this deal.

Markit will be responsible for marketing and distributing Euroclear Bank’s Eurobond data, allowing customers to make better informed decisions on a daily basis. Markit will also optimise the data by cross referencing it against its own entity and industry sector identifiers, and a wide range of additional identifiers. This will enable Markit’s customers to process data efficiently and support their Eurobond trading activity. This global distribution partnership could provide unique added value to Eurobond issuers, investors, and other market participants.

The service is expected to be available before the end of the year.
ICE Extends Russian Ruble/U.S. Dollar Futures to Five Years

Effective October 1, 2012, the listing curve for Russian Ruble/U.S. Dollar futures contract is extended to five years, from the current one year cycle. Once implemented, the listing cycle for the contract is as follows:
- monthly contracts corresponding to the nearby twelve calendar-month period
- quarterly listings (March, June, September and December) corresponding to the next four twelve calendar-month periods

A new quarterly expiration will be added on the business day following the expiration of the front quarterly listing. A new monthly expiration will be added on the business day following the expiration of the front month contract that is not a quarterly month.

Additionally, the new expirations for the Russian Ruble/U.S. dollar futures contract are the following:
- December 2013
- March, June, September and December 2014
- March, June, September and December 2015
- March, June, September and December 2016
- March, June, and September 2017

Furthermore, the schedule of Exchange and Clearing Fees to provide for a single, 30 cent per side Exchange and Clearing Fee for Russian Ruble/U.S. Dollar and Colombian Peso/U.S. Dollar futures contracts was revised.

For a revised fee grid click here

NASDAQ OMX Nordic Launches Weekly Options

On September 7, 2012, NASDAQ OMX started trading weekly options on the NASQ QMX Stockholm AB market. The weekly options are traded with expiration every Friday, complementing the existing options products with monthly expiration. Weekly options are listed every Thursday after close enabling investors to trade options expiring in one or two weeks.

The weekly options were launched in response to customer demand in Sweden. Weekly options provide additional opportunities for investors to tailor their investment strategies as they offer more expiries, tighter strike price intervals and a decreased tick size. The weekly options give the investors more flexibility to act on short-term events rather than being tied into one monthly exercise date.

For a complete list of contracts click here

ZE has joined forces with Willis Group Consulting (WGC) to offer a comprehensive Dodd-Frank Solution that meets the compliance needs of the energy, commodities and financial industries. This solution facilitates the Extract - Transform - Load (ETL) process for organizations with data retention and reporting requirements mandated under the Dodd-Frank Act. Together, ZE’s award winning ZEMA technology and WGC’s deep industry and regulations knowledge deliver a comprehensive Dodd-Frank reporting and data management solution.

Find out more
CME Introduces Decay Variable Quantity Energy Products

On September 17, 2012, CME launched market data Security Definition messages with new decay variable quantity tags available in the New Release environment. The date when the products are to move to the production is yet to be determined.

Decay Variable Quantity Energy Products are instruments for which the size and cleared quantity decrease, day by day, closer to the expiration date. Decay products behave like standard variable quantity energy products prior to the start of the month corresponding to the contract expiration month. However, instrument size and cleared quantity decrease during delivery month. Cleared Quantity for a decay product is calculated with the following formula:

\[ \text{Cleared Quantity} = \text{OriginalContractSize} - \text{ContractMultiplier} \times \text{DecayQty} \times \# \text{ of applicable decay days since the DecayStartDate} \]

ASEAN Trading Link Connects Bursa Malaysia and Singapore Exchange

On September 18, 2012, ASEAN Exchange, comprising of the seven stock exchanges of ASEAN, launched its ASEAN Trading Link platform that connects Bursa Malaysia and Singapore Exchange. The event was marked by YB Senator Dato’ Ir. Donald Lim, Deputy Finance Minister of Malaysia together with YABhg Tun Mohamed Dzaidin Hj Abdullah, Chairman of Bursa Malaysia, Dato’ Tajuddin Atan, Chief Executive Officer of Bursa Malaysia and Mr. Magnus Bocker, Chief Executive Officer of Singapore Exchange.

The ASEAN Trading Link allows brokers of the participating exchanges to trade shares across the connected ASEAN markets of Malaysia, Singapore and soon Thailand without difficulties. ASEAN Trading Link currently has 31 registered Brokers, with the following Pioneer Broker Partners unveiled at the launch: A.A. Anthony Securities Sdn Bhd, Affin Investment Bank Bhd, CIMB Investment Bank Bhd, HwangDBS Investment Bank Bhd, Kenanga Investment Bank Bhd, Maybank Investment Bank Bhd, Mercury Securities Sdn Bhd, OSK Investment Bank Bhd and RHB Investment Bank Bhd, CIMB Securities (Singapore) Pte Ltd, DMG & Partners Securities Pte Ltd, Lim & Tan Securities Pte Ltd, Maybank Kim Eng Securities Pte Ltd, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd.

ASEAN is being promoted as an asset class, Dato Tajuddin, Chief Executive Officer of Bursa Malaysia stated: “The emergence of ASEAN as a recognised asset class is already happening. Currently there are two indices developed by FTSE that track the performance of ASEAN’s leading companies. These two indices are the FTSE/ASEAN Index and the more concentrated FTSE/ASEAN 40 Index and the number of such ASEAN-focused investment products is only likely to grow.” Moreover, the FTSE indices provide an important benchmark for the creation of ASEAN-centric investment products. The first such product, the Global X FTSE/ASEAN 40 exchange traded fund (ETF) was listed on the New York Stock Exchange in February 2011.

ASEAN Exchanges also provide an easily identifiable reference for investors in the form of the ASEAN Stars. The ASEAN Stars comprise 180 ASEAN blue-chip stocks representing the 30 most exciting companies of each ASEAN country, as ranked by investability in terms of market capitalisation and liquidity.

The ASEAN Exchange website will soon be enhanced to reflect the latest developments and allow investors to view ASEAN capital market as an asset class. In addition, it will showcase unique and dynamic aggregated content on ASEAN investment opportunities which allows investors to view market performance of the seven different ASEAN exchanges including FTSE/ASEAN40, Heat Map on the Top 30 ASEAN Stars and a one-click access to ASEAN Stars company analysis, market research, commentary, FTSE analytics weekly round-up of markets as well as news updates.

Barchart’s Advanced Charting for RCG Onyx Plus Trading Platform

On September 26, 2012, Barchart Inc. announced its provision of fully interactive and real-time streaming charts to Rosenthal Collins Group for users of the RCG Onyx Plus electronic trading platform for futures.

The users have access to tick-by-tick charts, multiple-minute bars and end-of-day data, as well as real-time futures market data, and delayed charts for equity and index markets. All of the charts include substantial historical data. In addition, they are full-featured, and contain both standard and advanced functionality such as dozens of technical indicators, drawing tools, linking by time period and symbol, pre/post market data, comparisons, and custom equations.

ISE and MEB Options Introduce Spread Crawler

On September 20, 2012, the International Securities Exchange (ISE) in partnership with MEB Options introduced Spread Crawler, a suite of trading tools and analytical capabilities. This new tool provides insight through Instant Messaging (IM) into the real-time actionable spread orders. This product aggregates streaming spread book data from all options exchanges and transmits individual, user-defined spread orders to subscribers through IM. Spread Crawler simplifies the monitoring of live spread book feeds, while displaying spreads that satisfy customized pre-defined parameters.

Boris Ilievsky, Managing Director of ISE’s options exchange, said, “As spread trading continues to grow as a percentage of industry volume, Spread Crawler will offer subscribers a straightforward way to digest the enormous amount of spread order data produced by the exchanges.” Spread Crawler is able to transmit messages freely to both ISE members and non-members through industry-standard IM programs such as AOL, MSN, Bloomberg, and Yahoo.

Montreal Exchange Launches Online Trading Platform

On September 10, 2012, Montreal Exchange Inc. (MX) launched its options trading simulator. The online platform is smartphone-compatible and allows investors to execute options trading strategies, expanding their options and market knowledge. Besides the online platform, MX offers a number of educational tools, including the tutorial for the platform, Options Education Days information sessions, training tutorials on m-x.tv and informative blog posts on optionsmatters.ca.

Additionally, the MX Options Trading Simulation program for Quebec university students will include the online tool, allowing them to create and trade a virtual portfolio of $100,000. Students are provided with an educational presentation prior to the contest, which runs for nine trading weeks beginning on October 1, 2012. The winning team will have accumulated the best return while respecting the mandatory components and will receive a $10,000 prize from the MX.

CBOE to Launch London Hub and Extend VIX Hours

Effective September 6, 2012, the Chairman and CEO of CBOE Holdings announced that CBOE Futures Exchange, LLC (CFE) plans to expand trading hours for CBOE Volatility Index (VIX) futures in 2013 from eight hours to twenty-four hours. Upon implementing the new hours, the VIX Index futures will be the first contract traded on a CBOE Holdings Exchange with twenty-four hour access, five days a week.

To offer their customers even more flexibility, CFE also plans to establish a London hub in 2013 that will use CFE network equipment. European firms will benefit from having a cost-effective way to send and receive CFE data and to carry out trades. Investments banks, hedge funds, proprietary trading firms and Commodity Trading Advisors will be accommodated in the twenty-four hour session, as well as issuers of exchange traded products.
APX-ENDEX Separates its Gas Spot Exchange and Power Spot Exchange

On September 17, 2012, Energy Exchange APX-ENDEX announced plans to separate gas and power entities into a power spot and clearing entity and derivatives, and a gas spot entity.

The division of APX-ENDEX into separate entities and ICE’s majority shareholder position in the derivatives and gas spot entity is subject to the European Union's Markets in Financial Instruments Directive. The primary business objectives of the CESC include the development and franchising of index-linked and other equity derivatives, the compilation of cross-border indices based on products traded on the three markets, and the development of industry classification for listed companies; as well as information standards and information products. In addition, it will also cover market promotion, customer services, technical services and infrastructure development.

Former Chi-X Chief Haynes to Open a Rival Trading Platform

On September 30, 2012, Futures Magazine reported that former Chi-X Europe's chief executive, Alsadair Haynes, is preparing to launch another alternative trading system in the region to be called Aquis Exchange Ltd. Haynes left Chi-X Europe last year after its $300 million acquisition by rival Bats Global Markets, ending a two year stint during which he oversaw its move from a subsidiary of Instinet to an independent company.

The new platform, Aquis Exchange, will approach the UK's Financial Services Authority for regulatory approval before a planned launch by the middle of next year, when it will offer trading in more than 1000 European stocks. The Aquis system will be built by four former Chi-X technology employees who will join Haynes. The new exchange will take advantage of the European Union’s Markets in Financial Instruments Directive. The European Union’s Markets in Financial Instruments Directive in 2007 allowed alternative trading systems to compete with exchanges such as Deutsche Boerse AG and NYSE Euronext, sparking a fight for market share.

DGCX Signs MoU with Dalian Commodity Exchange

On September 13, 2012, the Dalian Commodity Exchange (DCE) signed a Memorandum of Understanding (MoU) with the Dubai Gold & Commodities Exchange (DGCX). This move will boost strategic cooperation between the two sides on a global scale, and will also develop new business opportunities. The agreement is designed to facilitate closer cooperation in areas such as product development, price risk management and sharing of market resources.

According to the MoU, the DCE and the DGCX will conduct extensive and in-depth exchange and cooperation concerning the development of products and the market, as well as information exchange. The MoU will enable Middle Eastern investors and producers of energy, petrochemical and plastics to benefit from China’s huge consumer market. The UAE-China trade volume has grown by 35% annually over the last decade and was estimated to be worth $35 billion in 2011.

HKEx, SHSE and SZSE Establish JV for New Products and Services

On September 26, 2012, the nine-member board of China Exchanges Services Company Limited (CESC), a new joint venture of Hong Kong Exchanges and Clearing Limited (HKEx), Shanghai Stock Exchange (SHSE) and Shenzhen Stock Exchange (SZSE) for the development of financial products and related services, had its inaugural meeting in Hong Kong, approximately three months after the exchanges announced plans for the JV. During the meeting, Bryan Chan was appointed CESC Chief Executive, Xie Liansheng was appointed CESC Deputy Chief Executive and Wu Ying was appointed CESC Deputy Chief Executive and Chief Financial Officer.

The primary business objectives of the CESC include the development and franchising of index-linked and other equity derivatives, the compilation of cross-border indices based on products traded on the three markets, and the development of industry classification for listed companies; as well as information standards and information products. In addition, it will also cover market promotion, customer services, technical services and infrastructure development.

Hong Kong-based CESC’s board is comprised of three directors nominated by each of the exchanges: Jiang Jianren, Chairman of China Investment Information Services Ltd (a subsidiary of SHSE) and Head of the SHSE Liaison Office in Hong Kong; and Mao Zhirong, Director of the SZSE Office of Hong Kong, Macau and Taiwan Affairs and Director of SZSE’s Financial Innovation Lab, were appointed the Hong Kong-based JV’s Joint Chairman. Other board members include Xie Liansheng, a former director and standing deputy general manager of SHSE’s SSE InfoNet Co Ltd; Beang Zhang, Managing Director of China Investment Information Services Ltd and Deputy General Manager of SSE InfoNet Co Ltd; Tian Po, Director of SZSE’s Information Management Department; Wu Ying, Vice Director of SZSE’s Listing Funds Department; Bryan Chan, HKEx’s Head of Market Data; Calvin Tai, HKEx’s Head of Trading; and Yang Qiumei, HKEx’s Head of Mainland Development. The three exchanges contributed $100 million each to CESC’s initial paid-up capital of $300 million. They have equal stakes in the venture.

Platts Seeks Feedback to Revise PX ARA Volume Standard

On September 10, 2012, Platts announced its intent to revise the standard volume from 1000 mt lots to 5000 mt lots for European PX basis FOB Amsterdam-Rotterdam-Antwerp applied in Platts assessments.

The announcement is a response to requests from some market participants that 5000 mt lots now prevail in the paraxylene marketplace.

Feedback can be provided to Brendan_daly@platts.com.

ICE Transitions Cleared Energy Swaps to Futures

Effective October 15, 2012, ICE transitions cleared OTC energy swaps and options to futures. The original plans for the transition to take place in January, 2013 have been accelerated due to customers' strong demand to trade the futures as soon as practical. The products are continued to be listed and traded on the ICE platform and cleared at ICE Clear Europe, while being subjected to the applicable requirements. The uncleared swaps will continue to be listed on ICE’s OTC platform and register as a swap execution facility upon SEF rules finalization.

Cleared North American natural gas, electric power, and environmental products will be listed as futures on the ICE Futures U.S. energy division. Cleared oil products, freight, iron ore and natural gas liquid swaps will be listed as futures on ICE Futures Europe. All products will continue to clear at ICE Clear Europe.
Eastern power price moved in different directions. In New England, rising heating demand and increased frequency of gas-fired generators on the margin pushed electricity prices higher. In New York, with abundant supply power, prices almost did not change. Despite falling temperatures, electricity prices declined at PJM North Illinois trading hub as supply exceeded demand.

In gas-dependent California, power prices moved higher driven by increased fuel cost.

With the beginning of shoulder season, daily low temperatures continuously declined, supporting decreased cooling and increased heating demands.

Electricity forwards moved higher supported by increased fuel cost.

NOx and SO2 emission allowance futures remained at the low level after its considerable drop in August. SO2 emission allowance prices were traded around $20/ton and NOx at $50/ton.
With changed supply-demand balance, ICE Henry Hub natural gas futures increased by 10% during the last month.

With coming shoulder season, natural gas spot prices moved moderately higher driven by increased heating demand and reduced gas import from Canada.

Brent Crude Oil prices moved lower in comparison with the previous month supported by declining demand and increasing supply. During the last month, the impending restart of Britain’s largest oilfield (Buzzard), quick recovery in Nigerian crude output and increased Iraq exports of Basra Light pressured Brent crude prices.

WTI prices also moved lower mostly following global events. In the end of October, hurricane activity suppressed oil prices as traders were mostly buying crack spreads when refineries along the US East Coast lowered run rates.
Argus Launches fob Trinidad LNG Prices

London, 15 October 2012. Leading energy and commodities reporting organisation Argus has expanded its suite of global liquefied natural gas (LNG) prices to include the Americas with the launch of Trinidad and Tobago fob (free on board) price assessments. The launch is in response to growing spot trade of LNG from Trinidad and Tobago to an ever increasing range of destinations.

The new fob price assessments are designed to capture LNG trade from Trinidad and Tobago. They cover cargoes loading in two forward half-month periods - the second and third full half-month periods from the date of assessment. Argus’ Trinidad and Tobago market coverage complements the Argus LNG Daily report’s existing suite of Asia-Pacific, west African and European spot price assessments, market commentary and global netback pricing.

“Trinidad and Tobago is no longer just a supplier to its traditional term contract buyers such as the US and Spain,” Argus Media chairman and chief executive Adrian Binks said. “We have seen Trinidian deliveries arriving in areas as diverse as northeast Asia, China, India, the Middle East, southern Europe, northwest Europe and South America over the last 18 months. Trinidad and Tobago fob prices will be a key tool in valuing the growing global LNG trading complex.”

The Argus LNG Daily report provides spot price assessments for Asia-Pacific, the Middle East, west Africa and Europe, information about shipping movements, market-related news and analysis. The report has been carefully designed to provide global LNG market participants with the critical insights and key LNG statistics and data needed to stay ahead of market developments, as well as to help shape commercial strategies.

Argus Launches Spot cfr Turkey Group 1 Base Oil Price Assessments

Singapore, 12 October 2012. Global energy reporting agency Argus has launched assessments for cfr Turkey Group 1 base oil prices. These are the first assessments for spot delivered base oil prices for the Turkish market.

The assessments strengthen Argus’ coverage of the Black Sea and global base oil markets, and highlight the interconnectivity and increasing internationalisation in these markets.

Turkey is a major lubricant blender and consumer, with automobile sales growth of 14pc in 2011 and industrial production that has grown every month since the end of 2009. Turkey is one of the world’s largest base oil importers. Its key supplies have traditionally come from Europe, Russia and the Mideast Gulf. But the country is importing more frequently from other markets, such as North and South America, India, Taiwan and South Korea.

With these new price assessments, Argus provides a pricing tool for spot and term cargoes from an increasingly diverse number of sources.

“These new assessments will facilitate arbitrage trade to a key and growing market,” Argus chairman and chief executive Adrian Binks said. “The assessments illustrate the changing dynamics of the base oils market and the importance of reliable price information in managing and taking advantage of these changes.”

The new assessments are published weekly in Argus Base Oils, a global report covering base oil prices in key markets.

Argus is holding a base oils conference in Turkey in March 2013. The event will explore further Turkey’s role and significance in the regional and global base oils market.

Argus Launches Petroleum Transportation Service

Houston, 28 September 2012. Global energy and commodity price reporting agency Argus has launched a dedicated petroleum transportation service for North American markets. The new weekly report, Argus Petroleum Transportation North America, provides unique market data and intelligent analysis of the increasingly complex market to move crude, refined products, and gas liquids by rail, barge, tanker and pipeline.

Growing North American petroleum production, particularly from onshore shale and tight oil formations spanning the continent, as well as oil sands projects in western Canada, is reshaping infrastructure at a rapid pace. Companies are scrambling to build or repurpose pipelines. Alternative transportation such as rail has become commercially viable because of commodity price disparities and because of the wide dispersal of shale discoveries.

Output is rapidly rising in areas new to large-scale petroleum production. Oil produced from the Eagle Ford shale of south Texas is moving by Jones Act tanker to the Atlantic coast. Railcars are shipping oil from the Bakken shale of North Dakota to the three main US coastal regions. Numerous projects are seeking to absorb growing northeast US ethane production, including export facilities and a proposed large petrochemical plant in Pennsylvania.

Independent Teakettle Refineries Surge to 30pc of China’s Refining Capacity, Argus Study Reveals

Singapore, 4 October 2012. The number of independent or “teakettle” refineries operating in China has expanded significantly in the past five years, and now represents about 30pc of the country’s total refining capacity, according to an updated research study just published by global energy and commodity price reporting service Argus.

This exclusive research study provides comprehensive first-hand information on China’s independent refining sector. “Inside China’s teakettle refineries: A study of China’s independent refinery sector” reveals that there are now almost 160 independent refineries in operation with a primary capacity of 191.18mn t/yr (3.8mn b/d), out of China’s total refining capacity of 634.28mn t/yr (12.7mn b/d), as of April 2012. The refineries are growing in sophistication, with many adding secondary processing capacity.

Teakettle plants are processing more crude than ever before, in addition to using large amounts of fuel oil as feedstock. The growing influence of state-controlled firms as shareholders in these plants provides independent refineries with greater access to supplies, which means that the independent refining sector plays a critical role in supplying China with motor fuels and other oil products.

The second edition provides in-depth analysis of the business model of China’s independent refineries, as well as comprehensive coverage of more than 160 refinery profiles. It contains over 50 tables and maps, with accompanying facts and figures.

“China’s independent refineries are essential to product supply in China and they have a large impact on imports of fuel oil as well as consumption of domestic crude oil. These facilities are having a significant impact on the Chinese domestic market and we expect them to be important for many years,” Argus Media chairman and chief executive Adrian Binks said.

For more information, visit www.argusmedia.com/teakettle.

Or contact:
China – Gao Hua
+86 10 6515 6519
hua.gao@argusmedia.com
Companies bringing production to market must consider factors such as rail diesel costs, railcar availability and lease rates, access to US Jones Act-compliant tankers and space on pipelines, which often ration capacity.

The new Argus service assesses rail rates, railcar lease costs, and barge and tanker rates on the major and emerging transportation routes. In-depth survey articles and news stories cover the rapidly changing infrastructure environment throughout North America.

“We are glad to add Argus Petroleum Transportation North America to our range of energy and transportation services. We have worked closely with the industry to develop a service that can meet the growing need for market data and analysis in the North American petroleum transportation sector,” Argus Media chairman and chief executive Adrian Binks said.

Request more information about Argus Petroleum Transportation North America

Or contact:
In Houston – Gabriela Alcocer
+1 713 429 6308
Gabriela.alcocer@argusmedia.com

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**ZEMA Adds More Data Sources**

ZE is constantly expanding its data coverage. ZEMA’s flexible structure facilitates the collection of any electronically stored data from any source and at any frequency. A number of data reports have been added to ZEMA since the DataWatch August 2012 issue. They are:

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**Carbon Market Data Launches a New Version of the Aviation Carbon Trading Database**

On September 25, 2012, Carbon Market Data announced the release of a new version of its Aviation Carbon Trading Database.

The Aviation Carbon Trading Database includes information on the aviation sector that has entered the EU emissions trading scheme since 1 January 2012. In its new version, it now includes the following data:
- List of the more than 4000 aircraft operators to be included into the trading scheme
- List of the administering States with corresponding aircraft operators
- List of the 152 States from all the world with corresponding originated aircraft operators
- Carbon allowances allocated to airline companies for the year 2012
- Contact details of 275 airline companies

Access and registration to the database are free. More info at [http://www.carbonmarkedata.com](http://www.carbonmarkedata.com)
South East Asian Electricity Markets: a Long and Winding Road to Competition

By Graham Wilkinson

With the economic growth, trade activities on stock exchanges, as well as energy and commodity markets, have increased substantially across some countries in Southeast Asia. Thailand, for example, has seen an increase of almost 25% in executed deals in the period from 2009-2011. The Thailand Futures Exchange has increased its product offerings to include products such as metals, precious metals, coal and energy.

Competitive markets promote efficiencies in operation for many sectors and the power industry is no different. Early adopters of deregulated power industries in Europe in the early 90s paved the way for similar implementations around the world. A competitive market ensures that 1) consumers pay the true cost of electricity and, 2) there are opportunities for private investments in the sector.

While the second objective has been adopted throughout the markets with relative ease, the true cost of production has been somewhat of a challenge. From the standpoint of pure economics, open markets have not always resulted in lower electricity costs, as governments often subsidize the price of electricity directly, set the price caps and support it indirectly through fuel subsidies.

Countries have taken various approaches to deregulating power sectors and have had different success rates. California, for example, saw an electricity crisis in the early 2000s. It was a period during which the market was vulnerable to manipulation because its wholesale market prices were deregulated while retail prices remained regulated. When, under lack of regulatory oversight, market players inflated energy prices by creating artificial shortages, the whole state was sent into a downward spiral, forcing market players into bankruptcies and public bailout. Conversely, Nordic countries have enjoyed a deregulated power market without such episodes of disruption.

Southeast Asia is trying to establish itself as a more developed area and the deregulation of the power sector is most definitely on the agenda. These developments have seen an increase in trade, the establishment of new trading markets, subsequent growth in trade volume and an expansion of product offerings in these exchanges. This article will examine a number of countries in Southeast Asia, and discuss regulatory reforms in the power industry and developments in their corresponding exchanges in order to determine the attractiveness of the area for industry players.

Trade Activities

With the economic growth, trade activities on stock exchanges, as well as energy and commodity markets, have increased substantially across some countries in Southeast Asia. Thailand, for example, has seen an increase of almost 25% in executed deals in the period from 2009-2011. The Thailand Futures Exchange has increased its product offerings to include products such as metals, precious metals, coal and energy.

Similarly, the PSE (Philippine Stock Exchange) has doubled its transaction volume from July 2010 to March 2012 and its performance ranked 5th in the world for the year 2012 to date.

The Malaysian stock exchange has also had recent activity in terms of substantial IPOs this year, in the familiar industry of palm oil. Indonesia’s stock market has seen growth to the point where the 2012 target for market capitalization had been reached at 2010 and the IDX president Ito Warsito believes that the market value could reach US$750 billion by 2015 (Saputra, 2011).

However, not all countries have been on a consistent rise. Indonesia, after displaying a significant growth in 2009, has experienced a decline in several sectors, especially utilities and infrastructure. This was well reflected in number of trades executed on market places, which have been dropping since 2009.

Figure 1: Number of Transactions on Thailand Exchanges

![Figure 1: Number of Transactions on Thailand Exchanges](image1.png)

Figure 2: Number of Transactions on Malaysian Exchanges

![Figure 2: Number of Transactions on Malaysian Exchanges](image2.png)

Figure 3: Indonesia Industry Performance

![Figure 3: Indonesia Industry Performance](image3.png)
These decrees allowed EGAT to expropriate land and gave employees of EGAT hasten the process. (Greacen and Greacen, 2004:520). Despite public outcry and calls for this IPO to unbundling EGAT (Electricity Generation Association of Thailand) to privatizing it Shinawatra’s government in Thailand moved away from the original strategy of guide and move the country to a more open and competitive electricity sector. Countries in Southeast Asia have employed various methods including new aging greater competition and efficiency in the electricity industry.

Order 215 and the Republic Act 9136, the object of which was to bring down the Philippines also had an inefficient electricity sector and introduced Executive supply function of the sector (Jalal and Bodger 2009). It was an attempt to power crisis of 1992. That crisis paved the way for the introduction of IPPs to the similar to Indonesia, Malaysia was driven towards reform by internal events: the independent regulator for the industry. Transmission has been a state monopoly from the Malaysian Government (See and Coelli, 2009). There is some portion of the market being supplied by IPPs; however, the dominant force is represented by three major players: Tenaga Nasional Berhad (TNB), Sarawak Electricity Supply Company (SESCO) and Sabah Electricity Limited. These major players are heavily associated with the government (the government is the majority shareholder) and are heavily regulated by government institutions. As a result, the sector is under influence from the Malaysian Government (See and Coelli, 2009:441).

In the Philippines, the government (Department of Energy) established an entity (Electric Power Industry Management Bureau, EPIMB) to facilitate the privatization of the National Power Corp (also known as Napcor or NPC). Supplementary functions of the Bureau include the preparation of an annual power development plan, although the influence of this plan in the development of the sector has been limited.

The EPIRA (Electric Power Industry Reform Act) was an act put in place to provide for the: - Privatization of the electricity industry - Creation of the National Transmission Company - Creation of Power Sector Assets and Liabilities Management Corporation (PSALM) - Creation of the new Energy Regulatory Commission (ERC) - Creation of Wholesale Electricity Spot Market (WESM) ((Brown and De Dios, 2006)

The Energy Regulatory Commission was created by the EPIRA to act as an independent regulator for the industry. Transmission has been a state monopoly throughout the 90s but with the introduction of the EPIRA there has been calls for privatization. The National Transmission Corporation was created to manage the transmission grids serving Luzon, Visayas and Mindanao. TRANSCO works independently from the NPC with its own board of directors and publishes its own set of financial reports (Nikomborirak and Manachotphong 2007).
These observations reinforce the theory that, even though with some exceptions, Distribution has been a mixture of private utilities and electricity co-operatives with Meralco as the dominant distributor. Meralco covers three entire provinces (Bulacan, Rizal & Cavite), parts of three provinces (Laguna, Quezon & Batangas) and approximately 18 barangays (Oldan, 2010).

The government in Singapore separated the transmission facilities from the power sale and distribution functions. The generation companies were divested into individual plants while the grid remained under the control of Singapore Power. IPPs were introduced to provide further competition in the generation function and an industry regulator was established (EMA, Energy Market Authority); this body also acts as the power system operator. EMCA (Energy Market Company) is the wholesale market operator; it’s a joint venture of EMA and New Zealand’s MCo.

The National Electricity Market of Singapore facilitates the competitive sale of electricity to wholesale and retail markets. This introduced large consumers to the retail electricity industry and retail contestability reached 75% by 2006 with a view to eventually having a 100% contestable market. Vesting contracts have also been introduced in order to curb the market power of dominant generators; this policy has been enforced since 2004.

for an IPO. Once again, there was protest and the Supreme Administrative court of Thailand ordered the decrees to be revoked and nullified the listing of EGA in the stock exchange (Wisuttisak, 2010). The reform was seen as inappropriate and would cause the upstream market to be monopolized; EGAT would also have the ability to determine prices and create barriers to entry for competitors. The court ruled that market structure, regulations and competition laws that address the electricity sector are required in order to protect market competition.

Conclusion

It appears that the intention for each of countries we’ve looked at in this article is to move towards a more open electricity market. The problems they encountered, although different from country to country, hold some similarities. The barriers to arriving at such a market condition are deeply entrenched in each country, whether it is monopolies, state policies or outdated legislation. Such barriers make progress almost nonexistent for long periods but experience short bursts of radical change once conditions have been changed. Such triggers are required on a governmental level and provide a window for investment in the sector.

While such difficulties are evident, we have seen an increase in both activity and product offerings on the exchanges in countries in the area. This increase in activity indicates investor confidence and expansion of the product offerings indicates that Southeast Asia is hungry for investment. However, investors should choose wisely. Keeping up-to-date with developments in the area and noting possible incoming bills, legislation or changes in leadership is a must. Malaysia, for example, has two bills in the pipeline for enactment: the Natural Gas Bill and the Liquefied Petroleum Bill. These bills aim to establish a downstream gas industry, providing necessary regulatory measures and incentives as well as a supervisory framework to address unfair trade practices.

While reforms may not be implemented as quickly as some industry players might like, the data offering in this area is increasing. As each country edges closer to a liberalized market, we will be watching with a gainful eye and be ready to capture any new data emerging for existing and prospective clients.

Barriers

While the intentions of these nations are similar in nature, the journey to their goals differs from one country to another, with each having its own social, cultural, political and geographical barriers. Rigid institutions, legislation and market structures have hindered the process of deregulation.

The major barriers in the Indonesian power sector are the presence of state policies in terms of SOE protection and heavy state subsidies for generation. Low GDP per capita and failed attempts at fighting electricity price hikes (Wisuttisak, 2010:8) have also contributed to an unattractive environment for investment. State policy requires the government to support SOEs with a public service obligation; this law creates a barrier for competition in the electricity sector.

In Thailand, the goals of the ERC are yet to be achieved as it has emerged that there are some fundamental weaknesses in the plan for reform. Thai competition law has hindered progress in the liberalization process and the ERC as an institution has experienced a shortage in resources. Reform is required to make competition law applicable to SOEs and a regulatory framework that is enforceable under this law.

In addition to the political and legislative barriers, the Philippines must overcome unique challenges in order to provide nationwide services to its customers. With over 7,000 islands, the natural barriers to transmission have hindered the development of an interconnected transmission system. Providing services to rural areas has been a particular concern with no apparent solution for the lack of supply. Members of the industry have called for an electricity futures market in the Philippines to increase liquidity but have also cited the government’s inability to produce a framework for some time, pointing out that the fully implemented open access and retailers competition scheme was getting delayed annually (Davis, 2012).

In Malaysia, energy subsidies still exist for energy and fuel. Fuel subsidies alone contributed four times the combined spending on defense, education and healthcare in 2008. While Malaysia has introduced IPPs on the supply side, a preliminary study (See and Coelli, 2009) noted that the benefit of privatization on productivity levels showed no direct evidence supporting the theory of such a benefit without regulatory change and the introduction of competitive markets.
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References


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.

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