

# Sling – Pricing Asia’s LNG

## Singapore and North Asia

### Background

Liquefied Natural Gas (“LNG”) is set to be the fastest growing fossil fuel source for power generation over the next two decades. Strong demand growth in the Asian region, coupled with new supplies from North America, Australia, Russia and East Africa, are set to drive trading and hedging activities in the spot LNG market.

### Introducing Sling

The SGX LNG Index Group (“Sling”) is a series of indices created by Energy Market Company (“EMC”) and Singapore Exchange (“SGX”) to reflect the price of spot LNG cargoes at selected locations. The Sling is tailored to meet the industry’s needs for a responsive and transparent price point, as LNG spot trading volume increases. The Sling comprises the following indices:

- Singapore Sling
- North Asia Sling

### Methodology

The Sling is based on weekly assessments from a group of physical LNG players for the 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> half-calendar months following the day of assessment. The index is calculated as the simple average of assessments for the first full month of delivery, with the top and bottom 15% outliers removed.

The indices are computed using assessments from a balanced and stable group of industry participants, which avoids issues such as data inconsistency, reporting lags, adjustment and editorial intervention. There are more than 20 participants comprising trading companies, producers and consumers which are active in the physical LNG market. Every participant, regardless of size, contributes only one assessment, so that no one firm has undue influence over the index.

- **Index based on twice-weekly assessments**
- **Based on balanced and stable group of more than 20 physical market participants**
- **Consistent data reporting**
- **Transparent governance**
- **Designed in line with IOSCO Principles**



## Index Specifications

Index Name	Singapore Sling	North Asia Sling
<b>Description</b>	<p>The Singapore Sling is a spot index based on Participants' assessment of a fair mid-price for LNG cargoes as defined below.</p> <ul style="list-style-type: none"> <li>On the waters in the vicinity of Singapore which could go into any port</li> <li>Cargo size between 135,000 m<sup>3</sup> and 175,000 m<sup>3</sup></li> <li>Includes both lean and rich cargoes</li> </ul> <p><i>There shall be no inclusion of other costs such as the local terminal charges. Adjustments of transaction prices to a Sling assessment should include the freight cost from origin to Singapore or exclude the freight cost from Singapore to destination, where relevant.</i></p>	<p>The North Asia Sling is a spot index based on Participants' assessment of a fair mid-price for LNG cargoes as defined below.</p> <ul style="list-style-type: none"> <li>Delivered ex-ship ("DES") to all ports in Japan, Korea, Taiwan and China</li> <li>Cargo size between 135,000 m<sup>3</sup> and 175,000 m<sup>3</sup></li> <li>Includes both lean and rich cargoes</li> </ul>
<b>Participants' Guiding Question When Quoting</b>	"What are your half monthly assessments of a fair mid-price for LNG cargoes on the waters in the vicinity of Singapore which could go into any Asian port on this assessment day?"	"What are your assessments of a fair mid-price for LNG cargoes delivered ex-ship ("DES") to all ports in Japan, Korea, Taiwan and China on this assessment day?"
<b>Assessment Periods</b>	Assessments are made for 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> and 6 <sup>th</sup> half-calendar months, from the day of determination.	
<b>Index Value Calculation</b>	The index is calculated for the first full calendar month of assessments as the arithmetic mean of its half month prices. The index is calculated to the fourth decimal place and rounded to the nearest third decimal place.	
<b>Determination Frequency</b>	The determination of the index is done twice weekly on every Monday and Thursday. If the day of determination is a public holiday in Singapore, the calculation will take place on the following day; if the following day is also a public holiday, then there will be no determination for the half week.	
<b>Dissemination Time</b>	By 8:00 PM Singapore time (GMT+8) on the relevant Singapore business day.	
<b>Hedging Products</b>	Derivatives available	Derivatives available

### Uses of Sling

Sling can be used in the following ways:

- Price reference or floating basis for spot trades
- Price index for long term physical contracts
- Sling derivatives for hedging against price risk

### Getting Started

- Subscribe to Sling (complimentary up to 2017); or
- Apply to participate in Sling (subject to meeting specific criteria)

Please contact us at:

Tel: +65 6557 2200

Email: [lngindexdata@emcsg.com](mailto:lngindexdata@emcsg.com)

URL: [www.emcsg.com/Sling](http://www.emcsg.com/Sling)

All Participants and Subscribers will receive a notification email every publication day.

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