

Imarex applies forward flat rate assumptions to TCE forward curve

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Imarex will from the 15th of July use adjusted flat rates for periods past 1 January 2009, when calculating the Time Charter Equivalent US Dollar per day prices for tanker freight derivatives.

The change is needed as the rally in fuel oil prices between October 2007 and today will substantially impact the Worldscale flat rates for all tanker routes when the 2009 assessments are published towards the end of this year. USD/day assessments for tanker derivatives pricing after 1st January 2009, are also too low when the adjusted flat rate is not applied.

The effect of this change will be a substantial hike in the USD/day rate published for Q1-2-3-4 of 2009, CAL09 and CAL10. For example, the USD/day assessment price for TD3 CAL09 on 30 June 2008 would rise from \$49,254 to \$88,547, an increase of 80%.

A major factor in determining new flat rates are the increases in the price of bunker fuel from 1 October 2007 to 30th September 2008, compared to the same period one year earlier.

For the fuel oil component of the flat rate changes Imarex uses a basket of fuel oil prices on which there are liquid swaps markets. Fuel Oil swaps prices may be added to the forward curve for bunker assessments at a later stage.

Current estimates are for the flat rates to increase by the following percentages from 1st Jan. 2009:

- TD3 39%
- TD5 42%
- TD7 28%
- TC2 38%
- TC4 35%
- TC5 39%

There are no current assessments of the 2009-2010 flat rate change. Imarex will start assessing the flat rate change for 2010 from 1 October 2008.

All Imarex feeds will be affected by this change including FTP server, XML web services, Bloomberg, Reuters and all third party vendors.

Imarex will retain an option to use current flat rates for TCE calculations in the daily forward curve spreadsheet made available to clients each day.

You can see an example of the daily forward curve email file by clicking the link below:

- [Imarex FWD Curve Tanker FFA](#)

For questions related to this change, please contact your nearest Imarex office:

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No

No relation

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