

Imarex and NOS enters USD 60 billion bunker fuel derivatives market

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The International Maritime Exchange (Imarex) and NOS (the Norwegian Futures and Options Clearing House) will launch an electronic screen market for trading of bunker fuel oil derivatives on the 5 December this year.

Bunker fuel oil derivatives will trade on the same screen as Imarex' and NOS' current portfolio of freight derivatives, in both the tanker and the dry bulk markets.

The bunker fuel oil derivatives market is worth in excess of USD 60 billion per year with as many as 25,000 transactions taking place annually.

"Many of our members are major participants in both the freight and bunker fuel oil markets, and we see a distinct advantage to these members in being able to trade both freight and bunkers on the same screen. It's a unique synergy effect for Imarex and NOS members," says Imarex director Herman W. Michelet.

Imarex is the world's only authorised market place for shipping derivatives, and has been granted an extension to its existing concession from 'Kredittilsynet', the Financial Supervisory Authority of Norway, to operate a market place for bunker fuel oil derivatives.

"We're extending our reach now. This is all part of our plan to be the central marketplace for all maritime derivatives," says Michelet.

Bunker fuel oil contracts will be cleared by NOS and be open to all trading and clearing members. Imarex is now the only global market place offering electronic trading of bunker fuel oil derivatives with straight-through clearing.

Due to the high oil prices globally, bunker fuel oil now make up as much as 60% of the running costs of a ship. As a result the forward market for bunker fuel oil contracts has gathered speed.

Imarex members will be able to trade the following contracts:

- * Rotterdam 3.5% Sulphur Barges FOB
- * NWE 1.0% Sulphur Cargoes FOB
- * Singapore IFO180 c/St FOB
- * Singapore IFO380 c/St FOB
- * Fujairah IFO380 c/St FOB
- * Houston IFO380 c/St FOB

The Imarex bunker fuel oil forward curve will consist of 6 months, 6 quarters (the first two

concurrent with the 6 months) and 2 calendar years.

Last month, Imarex agreed to purchase Starsupply (Oslo) AS, an Oslo based fuel oil cargo broker. The bunker fuel oil team from Star Supply Oslo, Mr Gunnar F. Lindqvist and Mr Bjørn Strømsnes will be providing market place support and exchange broker services to members of Imarex.

"We're of course very pleased to make a start in this market with such an experienced team already in place – our customers have been asking for us to launch a bunker fuel oil market, and we're confident that we'll be able to make an impact with this new service," concludes Michelet.

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