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## Introduction

Argus and PT Coalindo Energy (Coalindo) publish the Argus/Coalindo Indonesian Coal Index Report once a week. The report contains benchmark prices for five grades of Indonesian coal.

### Price assessment schedule

The Argus/Coalindo Indonesian Coal Index Report is published every week of the year. Spot physical prices are assessed on Fridays and the report is published on the same day. If Friday is a public holiday in Indonesia, then the price assessment process will take place on the previous working day. If Friday is a public holiday in Singapore, then the price assessment process and the publication of the report will take place on the previous working day.

A schedule of publication is available from Argus Media at

<http://www.argusmedia.com/methodology-and-reference/publishing-schedule/>.

### About Argus and Coalindo

Argus is a leading provider of price assessments, business intelligence and market data for the global crude oil, petroleum products, gas, LPG, coal, electricity, biofuels, biomass, emissions, chemicals, fertilizer, metals and transportation industries. It is headquartered in London and has 21 offices in the world's principal commodity trading and production centres.

Coalindo is headquartered in Jakarta, Indonesia and was founded in 2006 to develop specialist pricing services for the Indonesian coal markets. Shareholders in Coalindo include mining firms, regional power utilities, trading companies and prominent individuals from the coal markets.

### Relationship to industry

The Argus and Coalindo methodologies are developed in consultation with the industry. Our goal is to develop price assessments that are reliable and consistent enough to be used as price benchmarks in spot trade, term contracts, forward markets, such as swaps and futures, and transfer pricing.

Argus and Coalindo welcome feedback on their respective methodologies.

### Ethics and compliance

Argus and Coalindo have strict ethics policies that apply to all staff. Included in these policies are restrictions against staff trading in any energy commodity or energy related stocks, and guidelines for accepting gifts.

Argus and Coalindo also have strict policies regarding central archiving of email communication, notes, spreadsheets and deals used in the price assessment process. For further details of Argus policies, please refer to <http://www.argusmedia.com/about-argus/how-we-work/>. For further details of Coalindo policies, please refer to <http://coalindoenergy.com/about-pt-coalindo-energy/>.



## Specifications

All assessments are for deliveries on a fob Kalimantan basis. Prices are in US dollars per metric tonne.

Assessments are provided on a gross as received (GAR) basis and a net as received (NAR) basis. For the purposes of the Argus/Coalindo Indonesian Coal Index Report a Panamax is defined as a gearless 60-80,000t dry bulk carrier and a geared supramax is defined as a vessel above 40,000t with its own loading equipment.

<b>Grade (kcal)</b>	<b>Timing</b>	<b>Sulphur</b>	<b>Ash</b>	<b>TM</b>	<b>Size</b>
6,500 GAR (6,200 NAR)	in 60 days	up to 1%	up to 12%	up to 12%	Panamax
5,800 GAR (5,500 NAR)	in 60 days	up to 0.8%	up to 10%	up to 18%	Panamax
5,000 GAR (4,600 NAR)	in 60 days	up to 0.6%	up to 8%	up to 30%	Panamax
4,200 GAR (3,800 NAR)	in 60 days	up to 0.4%	up to 6%	up to 40%	Geared supramax
3,400 GAR (3,000 NAR)	in 60 days	up to 0.2%	up to 4%	up to 50%	Geared supramax

## Coalindo methodology

### General principles

Coalindo assessments are derived from the inputs supplied by its panelists on a weekly basis. Coalindo applies various reliability tests on the submissions, after which the remaining submissions are then averaged for each grade assessed. These final assessments are submitted to Argus as the Coalindo contribution to the Argus/Coalindo Indonesian Coal Index.

### The panel system

The Coalindo panels are comprised of a wide number of members balanced between representatives of coal producers, coal consumers and coal market intermediaries (traders and brokers). Coalindo ensures that no one element of the market is over-represented.

### The panel's price submissions

Panel members submit their views of the market price of Indonesian coal to Coalindo every week on the last working day of the week at 15:00pm Jakarta time. All credible and active market participants are encouraged to contribute.

These price submissions must represent the value of actual deals or the value at which a deal could be done in the open market for delivery over the coming two prompt months. The prompt month rolls on the first working day of the previous month. For example, Coalindo starts assessing the August and September contracts from the first working day in July.



Panelists are also encouraged to submit an addendum recording transactions they have made over the past week indicating coal specifications involved, volume and loading month for the seaborne export market. All information will be treated as confidential.

### **Panel reliability**

The submissions made by the panel are reviewed by Coalindo and its representatives to ensure that they are reliable and representative of the prompt spot market.

Coalindo and its representatives may use a variety of means to ensure the reliability of the panel submissions, including but not limited to:

- Excluding any submissions that are more than 20% higher or lower than inputs that were used in previous weeks if regional market movements do not justify this.
- Eliminating the top 10% and bottom 10% of submissions.
- Other tests determined by Coalindo to be appropriate and proper to ensure accuracy.

These can include consideration of transactions reported.

Coalindo carries out regular reviews of each panel member's submissions to ensure that there is no excessive high-side or low-side bias in their contributions. Panelists are offered regular feedback and support.

Coalindo reserves the right to further review and/or exclude individual panelist submissions if the results of the panelists' price survey differ sharply from the latest deals concluded in the market. This is to ensure the Coalindo contribution to the ICI indices is as representative of the week's market activity as possible.

### **Panelist confidentiality**

Coalindo treats each individual panelist's inputs on an entirely confidential basis.

*Latest revision: March 2017*