



## AgriCensus Pricing Methodology

### 1. Who we are

Headquartered in London, Census Commodity Data Ltd, trading as AgriCensus for the agriculture markets, is an independent price reporting agency that offers an impartial, robust price reporting service dedicated to providing transparency in the markets it serves.

### 2. Objective of this document

The methodologies deployed by Census are designed to provide fair market values in all the markets it assesses. As such, this document sets out how Census arrives at its end-of-day price for global agriculture markets.

### 3. Census Principles

While each market that Census serves has its own individual characteristics, Census adheres to a set of key principles when assessing markets.

Those are:

- to timestamp its prices;
- to ensure robust verification processes are followed to determine the quality of data;
- to normalise non-standard market data using six key criteria; and
- to evaluate whether the price information received is repeatable.

Each key principle is discussed in detail below.

#### 3.1 Timestamped prices

Census uses a survey-based approach as its primary price reporting mechanism. Every day Census canvasses market participants to identify key pricing information from across all the markets that it serves. Any data relating to prices, such as expressions of buying interest (bid); expressions of selling interest (offer); confirmed trade levels; tender or other contract details; pricing information from related or similar products; freight information and costs; derivative or exchange-listed contracts; and government information is collated on a daily basis and may factor in the final, end-of-day assessment.

In that effort, Census aims to understand and highlight the factors that underpin price movement and gather a compelling weight of evidence around the end-of-day price.

Census Asian prices are timestamped at 1700 Shanghai and 1800 Singapore time, European prices are timestamped at 1600 and 1700 London time and prices in North and South America are timestamped at 1300 US EST.

All physical data that Census captures through the day is captured and stored in our data processes, with the most relevant bid, offer or trade information shared as part of the final publication process as part of daily commentaries.

As such, prices published by Census are never an index of trades or a broad price range designed to encompass all trade done throughout the day, but rather the price of a given product at a given time.

### **3.2 Verification**

Census aims to bring transparency to the markets through an open approach to assessing markets. Census makes every effort to verify credible information it receives with the broader market place through individual communication via email, instant messenger, app-based services and telephone. However, Census recognises the challenges of verifying information individually and undertakes to publish such information through electronic means to as wide an audience as possible to allow market participants to challenge the authenticity of this information prior to the publication of the assessment. Such price alerts may be published online via the relevant Census website, or through instant messenger or social media.

### **3.3 Normalisation**

Census believes there are six key pieces of information that impact the fair value of any given commodity. Those are: timing of price information, laycan, specification of the product, volume, incoterm and location of delivery or loading port. As such, Census publishes these details for every product that it assesses.

Where received price indications or trades differ to the standard that Census assesses, Census reserves the right to normalise each price influencing factor. Details are given below.

#### **3.3.1 Timing of price information**

Census will create price assessments at 1700 Shanghai, 1800 Singapore, 1600 and 1700 London or 1300 US EST based on physical pricing indications for the relevant markets assessed. In the absence of any firm bids, offers or trades, Census reserves the right to normalise earlier price indications received throughout the day to the closing time by anchoring those price indications to more liquid contracts, such as those traded on exchange or other physical cash assessments.

#### **3.3.2 Laycan**

Census defines the physical delivery or loading period that underpins each price assessment. In all cases, the laycan reflects a reasonable timeframe and is intended to prevent assessments being skewed by consideration of distressed or deferred cargoes.

In the absence of firm indications for the delivery or loading period of Census' agriculture assessments, Census reserves the right to imply future value from forward curves of related products.

To determine spot value, Census typically uses the front and second month values to plot a forward curve to ascertain the value for each day in the spot laycan period. Spot assessments are derived using the average price for the full laycan.

### **3.3.3 Specification**

Census details the specification or physical qualities that are relevant to each assessment published. Specifications should reflect typically traded grades.

Census reserves the right to normalise firm, verified bids, offers or trades it receives for relevant, related products of a different specification to determine value for. Census will canvass the market to determining the exact normalisation factor for each product.

### **3.3.4 Quantity**

Census will consider a range of physical pricing information when making its assessment. In all cases, indications that align with the defined basis quantity will be directly considered in the end-of-day assessment.

Census reserves the right to normalise firm bids and offers it receives for cargoes that are of a larger or smaller size than the assessment to determine fair value. Census will canvass the market to determine the normalisation factor to be used and will publish that factor as part of its assessment process.

### **3.3.5 Incoterms and location of delivery and loading port**

In all cases, Census defines both the incoterms, such as CFR or FOB, that indications used in the final assessment should conform to. The base delivery or loading location will also be defined as part of the assessment methodology.

Census reserves the right to normalise incoterms or delivery ports that differ from the base methodology using freight differentials or transportation costs. Census will canvass the market to determine the normalisation factor to be used and will publish that factor as part of its service.

## **3.4 Repeatability**

Census takes all data into account when compiling an assessment. Where market data is conflicting, Census will apply a test of repeatability to determine whether a trade that has been executed in the day is repeatable. In this case, firm bids and offers take priority over previous trades executed as that trade is deemed no longer repeatable. Where two trades for the same volume are executed at the same time for the same loading/delivery ports and with the same specification, Census will determine which one is more repeatable by examining outstanding bids and offers that the time of the trade.

## **4. Hierarchy of data**

Census seeks price information that is open and transparent in the marketplace. Price information that does not meet these criteria – such as private and confidential trades – will not be taken into account. Generally, there are three levels of hierarchy of information.

1. Verified physical bids and offers at the close – these take precedence over any other pricing information and this information must be firm for a reasonable amount of time to be seen widely in the marketplace. What constitutes a reasonable amount of time is at the discretion of the market reporter.
2. In the absence of physical bids and offers for the exact product assessed, firms bids and offers for related products will be used to extrapolate value for the price assessments. Such related products could be the same commodity, but for a different delivery or loading location, different specification or indications for alternative volumes.

3. On the rare occasions where there are no physical indications at the close in either the assessed product or a related product, Census will move the commodity in line with the delta movement of the closest exchange-traded contract to maintain the basis differential or use movements in other physical markets should they be more relevant.

## 5. Net forwards

For certain CIF and CFR assessments, Census does not survey the market owing to a lack of liquidity or an absence of a competitive market place. In an effort to bring price transparency to key delivery points, Census adds a freight differential to assessments for cargoes out of typical export locations. When this occurs, freight rates are taken from established freight information providers.

Freight differentials are routinely applied to the following assessments:

Wheat CIF Tarragona

Corn CIF NWE

Soybean CIF AR