

CRU Prices

Aluminium

Methodology and
Definitions Guide

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Methodology and Definitions Guide - Aluminium

1 Scope

This guide covers aluminium products prices in all geographical markets and should be read in conjunction with the *CRU Group Compliance Framework and Methodology Guide*. It details commodity-specific methodology which have precedence, with all other aspects covered by the Group methodology guide.

2 Methodology

CRU collects ingot and shapes premia as part of its assessment of broader market conditions that are published in the Aluminium Monitor and Aluminium Products Monitor. These premia are gathered from regular discussions with a wide network of market participants. This network is frequently reviewed to ensure a balance of buyers and sellers, and to reflect actual activity in the market. CRU also conducts consultations with the market about its methodology – all answers are treated as confidential.

Market participants include producers, traders and end users. In the absence of spot orders, data providers can submit an opinion on the prevailing market premium. Data providers are required to indicate whether their submission is an ‘actual’ transaction or an ‘opinion’. All data submitted is used solely for the purpose of calculating the final CRU regional aluminium premiums assessments.

Frequency

All premia are provided once a month, with the final price assessment being published in the Aluminium Monitor and Aluminium Products Monitor.

Assessment Method

Analysts use telephone and email services to collect premiums as well as to verify the information received. We endeavour to record actual transactions but we also include bids and offers. More weighting is given to transactions when assessing a price from a range of possible levels. Data is gathered through consultation with producers, consumers and traders. Published premia reflect the average of the deals concluded within the time frame under consideration. Outliers are excluded from the assessment. If a market has been quiet with no deals concluded, premia are rolled over. However, if the overall market trend is strongly upward or downward but there were no transactions concluded, bids and offers will be used to form the assessment. Aluminium premia represent CRU’s assessment of the level at which business has been concluded, following discussions with industry participants.

Deactivated premiums, fees and prices

Premia will remain active as long as it can be demonstrated that there are a sufficient number of buyers and sellers and/or traders which allow for the analyst to make an accurate assessment. If the quotation suffers from limited transparency or if business dynamics change, it will be deactivated. Its history will still be available to clients for a fee, should they require it, but no further information will be collected for that product from the time it is deactivated.

Sizes

Transaction sizes vary by commodity type-details are listed below.

Timing

spot assessments typically reflect transactions for a product to be supplied within 30 days – details are listed below.

3 Definitions

Merchant Premia

US Midwest ingot P1020

Material:	99.7% purity high-grade aluminium, P1020 Aluminum Association specification
Price basis:	Delivered, duty-paid
Shape/Dimensions:	Ingot, low profile T-bar, sow
Credit/Payment terms:	30 days payment terms
Type:	Spot
Currency:	US dollar
Weight Unit:	Imperial pounds (lbs)
Frequency:	Weekly
Size:	Typical volumes 100-2000 tonnes.
Timing:	Prompt business for 7 to 30 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	10%.

US Midwest billet upcharge

Material:	6063 billet to Aluminium Association specifications (Si 0.2-0.6%, Mg 0.45-.9%, Fe 0.35% max, Cu 0.1% max, Cr 0.1% max, Zn 0.1% max, Ti 0.1% max, Others 0.05% each 0.15% total)
Price basis:	Delivered, duty-paid, up charge over US Midwest ingot premium
Credit/Payment terms:	30 days payment terms
Type:	Spot
Currency:	US dollar
Weight Unit:	Imperial pounds (lbs)
Frequency:	Weekly
Size:	Typical volumes 100-2000 tonnes.
Timing:	Prompt business for 7 to 30 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium and US Midwest ingot premium at the time of contract confirmation
Duties/Tariffs:	10%

Rotterdam ingot duty-unpaid

Material:	99.7% minimum LME high-grade aluminium
Price basis:	Delivered, duty-unpaid
Credit/Payment terms:	Cash against documents
Frequency:	Weekly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Typical volumes 100-1000 tonnes.
Timing:	Prompt business for up to 7-30 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	0%

Rotterdam ingot duty-paid

Material:	99.7% minimum LME high-grade aluminium
Price basis:	Delivered, duty-paid
Credit/Payment terms:	Cash against documents
Frequency:	Weekly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne

Size:	Typical volumes 100-1000 tonnes.
Timing:	Prompt business for up to 7-30 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 3% import tariff (3% of LME cash + Rotterdam duty-unpaid premium)

Germany billet delivered

Material:	6063 alloyed aluminium (Si 0.2-0.6%, Mg 0.45-.9%, Fe 0.35% max, Cu 0.1% max, Cr 0.1% max, Zn 0.1% max, Ti 0.1% max, Others 0.05% each 0.15% total)
Price basis:	Delivered, duty-paid, over LME cash price includes Rotterdam duty-paid ingot premium
Credit/Payment terms:	30 days payment terms
Frequency:	Weekly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Minimum 25 tonnes, typical volumes 300-2000 tonnes.
Timing:	Prompt business for up to 7-90 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 4% import tariff (4% of LME cash)

Rotterdam billet in warehouse

Material:	6063 alloyed aluminium (Si 0.2-0.6%, Mg 0.45-.9%, Fe 0.35% max, Cu 0.1% max, Cr 0.1% max, Zn 0.1% max, Ti 0.1% max, Others 0.05% each 0.15% total)
Shape/Dimensions:	Length 5-7m, diameter 6-8" (150-210mm)
Price basis:	Delivered, duty-paid, includes Rotterdam duty-paid ingot premium
Credit/Payment terms:	30 days payment terms
Frequency:	Weekly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Typical volumes 300-2000 tonnes.
Timing:	Prompt business for up to 7-90 days ahead. Deliveries in shorter timeframe are normalised to standard delivery time.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 4% import tariff (4% of LME cash)

Italy billet delivered

Material:	6063 alloyed aluminium (Si 0.2-0.6%, Mg 0.45-.9%, Fe 0.35% max, Cu 0.1% max, Cr 0.1% max, Zn 0.1% max, Ti 0.1% max, Others 0.05% each 0.15% total)
Shape/Dimensions:	Length 5-7m, diameter 6-8"
Price basis:	Delivered, duty-paid, includes Rotterdam duty-paid ingot premium
Credit/Payment terms:	30 days payment terms
Frequency:	Monthly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Typical volumes 300-2000 tonnes.
Timing:	Prompt business for up to 7-90 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 4% import tariff (4% of LME cash)

Germany primary foundry alloy (PFA) delivered

Material:	Alloy aluminium (Si 7%, Mg 0.3%) – A.356.2 primary
Shape/Dimensions:	Ingot
Price basis:	Delivered, duty-paid, over LME cash includes Rotterdam duty-paid ingot premium

Credit/Payment terms:	30 days payment terms
Frequency:	Monthly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Typical volumes 300-2000 tonnes.
Timing:	Prompt business for up to 7-90 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 6% import tariff (6% of LME cash)

Germany wire rod delivered

Material:	EC grade aluminium (Al 99.7%min, Fe 0.05- 0.18%, Si 0.03-0.09%, Cu 0.005%)
Shape/Dimensions:	9.5mm diameter
Price basis:	Delivered, duty-paid, over LME cash includes Rotterdam duty-paid ingot premium
Credit/Payment terms:	30 days payment terms
Frequency:	Monthly
Type:	Spot
Currency:	US dollar
Weight Unit:	metric tonne
Size:	Minimum 25 tonnes, typical volumes 150-2500 tonnes. Prices for volumes outside of this range will be normalised to the standard volume.
Timing:	Prompt business for up to 7-90 days ahead.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Includes 7.5% import tariff (7.5% of LME cash)

Japan ingot spot CIF

Material:	99.7% minimum LME high-grade aluminium
Shape/Dimensions:	Ingot, T-bar, sow
Price basis:	CIF main Japanese ports
Credit/Payment terms:	Cash against documents
Frequency:	Weekly
Type:	Spot
Currency:	US dollar
Weight Unit:	Metric tonnes
Size:	Minimum 25 tonnes, typical volumes 250-1000 tonnes. Prices for volumes outside of this range will be normalised to the standard volume.
Timing:	Prompt business for 7 to 30 days ahead. Deliveries in shorter timeframe are normalised to standard delivery time.
Pricing:	Premium above the official LME cash settlement price for aluminium at the time of contract confirmation.
Duties/Tariffs:	Not applicable

Japan ingot quarterly CIF

Material:	99.7% minimum LME high-grade aluminium
Shape/Dimensions:	Ingot, T-bar, sow
Price basis:	CIF main Japanese ports
Credit/Payment terms:	Cash against documents
Frequency:	Quarterly
Type:	Japan quarterly premium is negotiated in the last month of the prior quarter.
Currency:	US dollar
Weight Unit:	Metric tonnes
Size:	Large volume deals agreed by major producers and consumers, deals typically in excess of 1000 tonnes.
Timing:	Deliveries for agreed period, standard is four quarterly contracts per year.
Pricing:	Communication with major producers and consumers on settled quarter ahead contracts.

Duties/Tariffs: Not applicable

Japan billet upcharge CIF

Material: 6063 alloyed aluminium (Si 0.2-0.6%, Mg 0.45-.9%, Fe 0.35% max, Cu 0.1% max, Cr 0.1% max, Zn 0.1% max, Ti 0.1% max, Others 0.05% each 0.15% total)

Shape/Dimensions: Length 5-7m, diameter 6-8" (150-210mm)

Price basis: CIF main Japanese ports, up-charge over Japan CIF ingot premium

Credit/Payment terms: Cash against documents

Frequency: Monthly

Type: Spot

Currency: US dollar

Weight Unit: Metric tonnes

Size: Minimum 25 tonnes, typical volumes 200-1000 tonnes. Prices for volumes outside of this range will be normalised to the standard volume.

Timing: In the absence of spot orders, data providers can submit an opinion on the prevailing market premium.

Pricing: N/A

Duties/Tariffs: Not applicable

South Korea ingot CIF

Material: 99.7% minimum LME high-grade aluminium

Shape/Dimensions: Ingot, T-bar, sow

Price basis: CIF

Credit/Payment terms: Cash against documents

Frequency: Weekly

Type: Spot

Currency: US dollar

Weight Unit: Metric tonnes

Size: Large volumes transactions, imports by the Korean Public Procurement Service (PPS) are typically greater than 500 tonnes

Timing: Periodic large imports, typically monthly or quarterly. Less frequent smaller volume transactions

Pricing: Communication with major producers, traders and consumers.

Duties/Tariffs: Not applicable

Singapore ingot FCA

Material: 99.7% minimum LME high-grade aluminium

Shape/Dimensions: Ingot, T-bar, sow

Price basis: FCA Singapore

Credit/Payment terms: Cash against documents

Frequency: Monthly

Type: Spot

Currency: US dollar

Weight Unit: Metric tonnes

Size: Minimum 25 tonnes, typical volumes 100-500 tonnes. Prices for volumes outside of this range will be normalised to the standard volume.

Timing: Prompt business

Pricing: communication with major producers, traders and consumers.

Duties/Tariffs: Not applicable

Glossary of abbreviations

INCO TERM RULES FOR ANY MODE OR MODES OF TRANSPORT:

EXW – Ex-Works
FCA – Free Carrier
CPT – Carriage Paid To
CIP – Carriage and Insurance Paid To
DAT – Delivered at Terminal
DAP – Delivered at Place
DDP – Delivered Duty Paid

INCO TERM RULES FOR SEA AND INLAND WATERWAY TRANSPORT:

FAS – Free Alongside Ship
FOB – Free On Board
CFR – Cost and Freight
CIF – Cost Insurance and Freight

COUNTRY ABBREVIATIONS USED:

We use ISO 3166 alpha-2 standard country codes