

The SGX logo consists of the letters "SGX" in a bold, dark blue sans-serif font, followed by a stylized graphic of three horizontal bars in blue and yellow.

## News Release

24 February 2020

### SGX launches methanol futures and swap contracts

- Rising methanol demand calls for improved price discovery and risk management
- Methanol contracts complement SGX's petrochemical suite of products

Singapore Exchange (SGX) today launched methanol futures and swap contracts to help methanol producers, traders and downstream users manage risk and improve price discovery amid rising demand. The new contracts are cash settled in reference to the S&P Global Platts daily price assessment for methanol.

The SGX Platts Methanol CFR China Swap and the SGX Platts Methanol CFR China Futures will both be listed with 12 consecutive contract months, starting from 24 February 2020.

Methanol is used predominantly as feedstock for olefins and formaldehyde production, as well as in direct fuel blending. In recent years, environmental concerns has led to the use of cleaner products and methanol-to-olefins plants. China's apparent demand for methanol grew by nearly 17% year-on-year to 69.3 million metric tonnes (MT) in 2019, on the back of sharp growth in the petrochemical and downstream manufacturing sectors. Platts' CFR China index has similarly grown in stature with nearly 10 million MT of imports in 2019.

William Prajogo, petrochemical product manager at SGX, says, "In today's evolving market, international traders are seeking more transparency and better price-discovery and risk-management tools to hedge methanol prices and exposure. We are pleased to be working with Platts, which has a widely accepted benchmark for the physical market for methanol. The launch complements and broadens our other petrochemical products, which now serve as key offshore tools for forward price discovery. Across our petrochemical suite, we have seen a 100% compound annual growth rate every year for the past four years and we are expecting this trend to continue this year."

Shelley Kerr, Global Head of Petrochemicals Markets, S&P Global Platts, says, "Methanol is an increasingly important component used in various supply chains, forecast to grow strongly alongside China – the largest importer of methanol globally. S&P Global Platts' daily CFR China methanol assessment provides a physical pricing benchmark to major market participants in Asia. As an independent price reporting agency, we welcome the role we play in providing data and information services to our customers, and bringing increased transparency to the Asian methanol markets."

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#### About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset

exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit [www.sgx.com](http://www.sgx.com).

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