

General Questions

Q1 - This methodology seeks to provide a reliable measure of physical market value. How well do you think the ICIS methodology achieves this aim?

The methodology results in a satisfactorily accurate and representative assessment of the physical MMA market in Europe. As the MMA market does not operate with a recognised “large buyer to large seller” settlement it is naturally more difficult to assess MMA prices than some other products, and represent that to the satisfaction of all. In order to deliver the best possible assessment, ICIS must ensure that all times it has sufficient number of correspondents across all fields of interest so as to represent the industry. It is vital that there is a good balance of manufacturers and consumers (as opposed to buyers and sellers) as traders can have a different perspective on the market, and a different objective when communicating pricing. There were some quarterly periods in the past, when, in my opinion, ICIS did not accurately assess the MMA market price and my feeling is that this was a contributory factor. However, and to the credit of ICIS, this has not happened for a couple of years, and ICIS has not had to re-base MMA reference prices for the last seven years.

It is important that ICIS maintains a high level of consistency in the methodology employed in its assessment of the MMA market and that any change in this methodology should be done only after a full consultation.

Q2 - Are there alternative methodologies you would like ICIS to consider? If so, please describe these methodologies and their strengths and weaknesses as mechanisms for measuring physical market value. Please explain their strengths and weaknesses relative to current methodology.

ICIS would struggle to find a more appropriate methodology for the MMA market. However, it must ensure that it consults sufficiently widely across the market.

A weakness of the current methodology is that ICIS does not verify specific transactions between a particular buyer and seller. Hence there is the potential for ICIS to be confronted with prices derived through a multitude of pricing mechanisms, not all of which are relevant for ICIS to report; at all, or at least in that time period. ICIS must therefore ensure that its editors are sufficiently knowledgeable to question and to interpret the information that they are being given.



Q3 - How well do the ICIS prices published in this report serve your business? Are there additional prices you would like to see?

They add no direct value to my business. However, some customers like to have formulae based on ICIS reference prices and analysts etc. use them as independent market benchmarks of the industry, hence it is important to my business that these prices are reflective of the market. I do not believe that there is a requirement for additional reference points to more fully describe the market.

Q4 - Is there any other information that you believe would be helpful to ICIS in its review of this methodology? If so, please give details.

Nothing further to add.

