

## Change to FBX Forward Curve Pricing Method

### What's Changing

Following BEISL Board approval the Baltic implemented a new approach to pricing the FBX Forward Curve (FBX BFA) on 17 November. The curve is now administered using a Journalistic Method (Market Observation Method) and IOSCO principles.

### Why This Change

The Baltic currently takes a simple average of broker submissions for a forward curve, which works well in active and liquid markets. In emerging or low-volume derivative markets, a simple average of broker submissions can yield a curve with implied trading arbitrages that do not exist. Administering the forward curves using a journalistic method enables the Baltic assessor to adjust the inputs to produce a cleaner curve.

### Impact of the New Method

- **Panellist Role:**
  - No change, Panellists submit daily assessments via the Baltic Data Platform (BDP).
  - Panellists engage with the Baltic Assessor to provide feedback on their submission.
- **Baltic Assessor Role:**
  - Baltic Assessors validate panellist submissions and check the calculated averaged curve against Baltic Data Insights tools
  - Baltic Assessors reference market information received through the day (brokers, traders, banks and freight forwarders) and compare that information to the broker-generated curves.
  - Baltic assessor will, if necessary, use their judgement to adjust the curve based on the Data Insights tools and market information.
  - The Senior Baltic Assessor checks the curve, validates any adjustments and approves publication.

### Benefits of the New Method

- Produces a mathematically consistent curve.
- Reacts to market feedback.
- Improves accuracy in thin or volatile markets.