

## The NASDAQ price – FAQ – Frequently asked questions

### How to understand the NASDAQ Salmon report, example week 39 in 2016 (26-30<sup>th</sup> Sep):

NASDAQ Salmon Index - Prices Per Weight Class

Weight Class (kg)	Price (NOK/kg)	1 Week Change	Distribution %	St.dev.
1-2	39.87	2.48	1.69	0.76
2-3	47.79	1.02	15.83	0.66
3-4	53.77	2.04	24.89	1.19
4-5	55.17	1.65	34.95	0.95
5-6	57.62	2.04	17.28	0.70
6-7	66.87	5.92	3.74	2.96
7-8	70.51	7.49	1.29	2.22
8-9	70.90	8.14	0.29	0.80
9+	69.94	5.82	0.05	0.73
NQSALMON	54.51	1.56		

- NQSALMON for week 39 was **54,51** NOK/kg average price all sizes. This is a volume weighted calculation. (price SUP1-2 of 39,87 \* 1,69 % + price SUP2-3 of 47,79 \* 15,83 % .... + price SUP9+ of 69,94 \* 0,05%)
- Week change. Price in week 39 was **1,56** higher than in week 38
- Distribution, This is % of reported volume (not slaughtered volume). Remember that only export to Europe is included. Volume sold by air-freight etc is not included
- St.dev. Standard deviation is a mathematical formula of the variation in the prices reported. A low st. dev means that the exporters reported quite equal prices. A very easy example with 2 exporters. Average price 50,60 NOK/kg and st.dev 0,49. According

	Volume	Price	Average Price	Price dev.	Square 0,60*0,60	Mult with volume 2000*0,36
Exp A	2000	50,00	50,60	-0,60	0,36	720
Exp B	3000	51,00	50,60	0,40	0,16	480
	5000					1200
			Variance/kg (1200/5000)			0,24
			Standard deviation(v of 0,24)			0,49

to the mathematics 68% of the reported volume is within 50,60 NOK/kg plus/minus 0,49 NOK/kg. The mathematics need a lot of statistics to give a correct answer, but st dev is a good indication of the spread in prices reported from the exporters

### When is the volume that is reported slaughtered?

The price reported in the NASDAQ price is (almost 100%) volume slaughtered in the reported week. (same as it was in the NOS price)

Day of invoicing decisive: ex week 39-2016. The volume reported was invoiced in week 39, Monday to Sunday. All exported volume must be followed by an invoice to be custom cleared. There is a possibility that salmon slaughtered in week 38 was not sold and thus invoiced Monday - Tuesday week 39. If so, the volume will be reported in week 39-2016 as day of invoicing is decisive for the NASDAQ –report

### When is the price that is reported agreed?

The price is agreed between exporter and customer in Europe at very different times. Some volume is agreed the week before delivery, and some volume is agreed on the day of slaughtering and transporting. Ex week 39-2016, a lot of the volume invoiced is agreed on Thursday and Friday in week 38. When the NASDAQ price is sent you by email in the beginning of week 40, the NASDAQ price will reflect a market price from 10 days to 5 days ago.

### How is the average weekly currency EURNOK etc calculated?

60% is Monday-Thursday in the spot reference week, 40% is the Friday the week before. Ex week 39 from Oct 26<sup>th</sup>-30<sup>th</sup>, Friday 23<sup>rd</sup> weights 40% and Monday 26<sup>th</sup> to Thursday 29<sup>th</sup> weights 15% each.

### What volume is reported, and are there volume limits?

In the new NASDAQ price all exporters selling more than 5 trucks HOG/ week, (app 5.000 tons/year) to Europe may report. The reported volume is thus much higher than the old NOS/FHL report. In 2015 an average of 5400 tons/week was reported.

There is a 25% volume limit per reporting company on total reported volume (not per size). Ex: One week 4500 tons is reported from several exporters, one exporter reports 1600 tons (thus 26%), this exporters volume is reduced to 1500 tons (thus 25%) by reducing volume of all sizes by 9,4%. For the small volumes, SUP1-2, SUP7-8 etc it may happen that one exporter has much more than 25% of the total volume of these sizes.

### What product is reported?

Standard SUP – salmon, including Global gap, but not Label rouge, organic and ASC (they are normally sold on fixed price contracts and thus excluded). Not air-freight, fillets and other non-standard whole gutted salmon products. Also not fixed-price contracts, nor promotions like 2-3 weeks fixed prices. Not sales within Norway, to other exporters or Norwegian clients. Either place of delivery or customer address must be in one of the listed European countries below.

### How much of the total export volume is included in the Nasdaq report?

Exporters representing approximately 2/3 of the export volume participates in the Nasdaq report. Around 25% of the total fresh export volume is included in the Nasdaq report. The following volumes are not included. Fish Pool has estimated the %:

- Fillets, frozen, ORD; ASC etc (only Head on gutted incl Global Gap)
- Sales outside EU-27
- Sales to Norwegian buyers and internal
- Fixed price contracts

<b>Average weekly 1 - 38 i 2018</b>	
slaughter volume round weight	22 100
Export fresh salmon HOG	16 400
<b>Export to EU-27</b>	13 300
35% of EU volume fixed price	-4 700
8% ORD, ASC, Label rouge	-1 100
8% Internal deliveries + Nasdaq indexed	-1 100
Total sale EU to spot prices:	6 500
<b>Non reporting companies:</b>	<b>-2 400</b>
Spot sales to EU from reporting companies	4 100
<b>Reported as part of HOG total exp:</b>	<b>25 %</b>

See table for a calculation based on the first 38 weeks in 2018, average 4.100 tons reported to Nasdaq

### What information is used from each exporter in producing the price?

Information from the invoices is used in the report. The NASDAQ – report is calculated using only the following information on each invoice. Example for the calculation:

- Volume in kg. Ex: 1.110 kg SUP3-4
- Invoiced amount in currency. Ex: 6.660 Euro
- Incoterms. Ex: DDP
- Country of delivery: Ex: Germany

### What standard information is used to calculate the NASDAQ price?

The following information is used to calculate the standard price:

- Average standard currency for the relevant week. (all exporters use exactly the same average currency rate)
- Freight from Oslo to each country (average freight estimate. The same standard freight is used for full-loads, part-loads and pallets transported)
- Custom 2% into EU and export fees 0,60%

### Example – how do you come from 6,00 EUR/kg DDP in the invoice to 51,87 NOK/kg Oslo?

Pink figures: info from IT system of exporter			
Red figures: standard figures for all exporters			
Country	Germany		
Incoterm:	DDP		
Invoiced	6 660 Euro		
Weight	1 110 kg		
Amount	6,00 Eur/kg		
EURNOK	9,1000		Average currency for the week
In NOK	54,60 NOK/kg		
Freight	-0,98 NOK/kg		Same freight all over Germany
Price EU border	53,62 NOK/kg		
EU-cust 2%	-1,05 NOK/kg		Customs to EU is 2%
Added	-0,02 NOK/kg		Calculated as 2% of customs
Exp duty 0,60%	-0,32 NOK/kg		Market 0,30%, science fee 0,30%
Fixed 400/order	-0,36 NOK/kg		400 NOK divided by kg - here 1110kg
<b>Oslo price</b>	<b>51,87 NOK/kg</b>		

### What are the standard freights used in the calculation?

When the seller pays the freight, the invoiced amount includes freight costs. To calculate Oslo prices a standard freight rate is deducted. For deliveries in the European countries, the following freight rates are used.

This is an estimated average of full-loads, pallets etc. Most sales to Russia and east-Europe are sold FCA and EXW packing station, where the customer collects the salmon. Freight is thus not included

in the invoice. All salmon sold at FCA and EXW terms are added 0,65 NOK/kg as standard freight rate to Oslo (same standard 0,65 NOK/kg wherever in Norway the customer collects his salmon)

Country	Freight	Country	Freight	Country	Freight	Country	Freight
Swed	0,55	Germ	0,98	Austr	1,58	Ukraine	1,75
Finl	0,60	Belg	1,05	Switz	1,58	Belar	1,75
Denm	0,63	Neth	1,05	Italy	1,73	Czech	1,75
Estl	1,00	Lux	1,05	GB	1,88	Slov	1,75
Latv	1,00	Poland	1,10	Spain	1,93		
Lita	1,00	France	1,50	Port	2,07		

#### **Why do you use 0,65 NOK/kg as add-on to Oslo from all over Norway?**

For all salmon sold delivered outside Norway (DDP og DAP) the 0,65 NOK/kg is not used at all. The freight costs are included in the invoiced price, and the deduction method – see above is used.

The add-on to Oslo is only relevant for salmon sold FCA and EXW, where the buyer collects the salmon in Norway. The invoice does not contain freight, and 0,65 NOK/kg is thus added to calculate an Oslo price. Most of the salmon sold to Eastern Europe (and Russia) is sold FCA or EXW. For these sales 0,65 NOK/kg is added, wherever in Norway the salmon is collected, packing station or Oslo.

#### **What controls are there of the reported figures?**

There is a weekly control when each company is reporting. There is ongoing audits of the reporting companies. During 2015 in total 60% of the reported volume was audited.

#### **How can I use the NASDAQ price to calculate my selling and buying price?**

The new NASDAQ Salmon Index will give a correct estimate of the prices in the physical market. Fish Pool recommends all buyers and sellers to calculate the difference between the price they sell at packing station or buy DDP delivered own plant and the NASDAQ price. This is important for comparing a fixed price delivery contract DDP your plant with a financial contract with reference Oslo. NASDAQ prices are calculated using standard freight rates etc. buyers should be careful in expecting that a cost calculation using the exact transport costs from Oslo to your plant will give an exact price for a DDP delivery

#### **Why is salmon sold to overseas markets by air-freight not included?**

Salmon sold by air-freight to overseas markets are not included in the NASDAQ price calculations. The freight costs are a large part of the invoiced amount. It would be impossible to use standard calculations for salmon transported by air-freight and the errors in calculating an Oslo price would be too high.

#### **Where can I find more details about spot prices for salmon?**

Click the following link to historical Nasdaq spot prices: <http://fishpool.eu/price-information/reports/nasdaq-salmon-index-archive/> On this page, you will also find a link to historical NASDAQ and NOS/FHL prices back to 1995.