
DEFINITION METHODOLOGY OF MODUS ANALYTICS

July 20, 2022

MODUS ANALYTICS in the following description is represented by the abbreviation MA.

MODUS COMMODITY SERVICE in the following description is represented by the abbreviation MCS.

As part of the active market player MCS MA is analyzing the following data sets and information:

1. Prices, including BID (reflecting price ideas of buyers) and ASK (reflecting price ideas of sellers, i.e. offers)
2. Trade flows, including loaded and discharged volumes of various types of carriers
3. Import and export data
4. Industrial data, for example processed of volumes of certain raw materials and production data of products

Our sources for this data and information are:

1. Price data is obtained by our team at MCS and is backed by real selling and buying interest(s) and real business done by MCS
2. Official data reported by state agencies and other public reliable sources
3. Data released by different organizations
4. Data of trade flows is obtained from surveyors, terminals and our partners in the freight market

In the following paragraphs our approach of obtaining, verification and analysis of the above mentioned four information types is outlined.

§1 Prices

As MA and MCS are working hand in hand to obtain, verify and cross-check prices gathered in the market.

As MCS is actively working in the commodity markets that are being discussed in the reports and

other products of MA the accuracy and reliability of the quoted prices is guaranteed.

§2 Trade flows

We receive trade flow information from various and very heterogeneous resources. Our main sources are:

1. Line-up information coming from surveyors, terminals and shipbrokers
2. Traders' information, which is only used after verification
3. MCS is also a provider of logistical solutions, thus actively supporting MA with hands-on data
4. Customs offices

All data is cross-checked for plausibility. In no way do we use information without interpretation and verification.

§3 Import and export data

Data of import and export is collected solely from official sources, including customs data and data obtained from statistics offices of the respective countries.

Import and Export data are always crossed checked. We verify that importing and exporting countries' information match with a time delay, taking into account transport, custom clearance processes, etc. In case of a non-correspondence we recheck both sides and verify the absolute quantities reported for a certain period by both sides and substantiate plausibility by asking the following questions:

1. Does the absolute level of imports and/or exports of a reporting country correspond to the overall picture that the balance sheet is painting?
2. Does the absolute level of imports and/or exports of a reporting country correspond to the evolution of prices and premiums?

3. Does trade flow data under paragraph 3 correspond to the reported imports and/exports of a reporting country?

§4 Industrial data

Information of production, processing and storage of commodities is obtained from the following resources:

1. Organizations which are reporting their industrial data on a regular and irregular basis
2. Information coming from statistics bureaus of certain countries
3. Private estimates coming from representatives of certain industries

The data obtained is implemented in our balance sheets, thereby also verifying the plausibility of the reported data.