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# The purchasing rule

Buy on the spot market, or contract? Import, or take domestic? The answer changes with the cracker margin, and the cracker margin changes weekly.

For purchase heads and finance teams. You get five years of your own buying tested against the alternatives, and a written rule for when to contract, when to buy spot and when to import.

CONSULTING · FEEDSTOCK AND PROCUREMENT STRATEGY · SEPTEMBER 2026
Daily commodity prices since 2016 · 376 products · 7,601 grades · 200 locations

# 1 The inherited answer

Procurement strategy in this industry is rarely chosen. It is inherited. A company imports because it has always imported; it contracts annually because the last head of purchasing did; it buys on the day because nobody has ever been asked to justify anything else.

| 5 years | 376 | 4 |
|---|---|---|
| of your own buying, tested against what the alternatives would have cost | products in the daily series the test is run against | strategies compared: spot, contract, domestic, imported |

None of those is necessarily wrong. But none of them has been tested, and the test is not difficult when somebody holds the daily price record for the material, the feedstock behind it and the product in front of it.

We hold that record. Our price history covers feedstocks, intermediates and products, every working day since 2016. So the test uses the prices you would actually have paid, month by month, not a model of them.

> **What the test actually is.** We take your buying pattern over five years and run it against the alternatives on the actual prices of those days: the contract you signed, the spot you avoided, the import you took when the domestic price fell three weeks later. It is an uncomfortable exercise. It is also the only one that settles the argument.

The answer is rarely all one way. Contract may have been right for one grade and wrong for another. The rule says which, and why.

### How the work runs

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|---|---|---|
| 1 | **A first conversation** | The grades and plants to be covered, and the decision the rule has to support. |
| 2 | **Your records** | Two to five years of purchase records. |
| 3 | **The backtest** | Your buying priced against the alternatives, month by month, on our assessed prices. |
| 4 | **The rule** | Spreads, lead indicators and thresholds, written into a rule your team can follow. |
| 5 | **The review** | Quarterly, against what the market actually did, if you want it continued. |

**Time** Six weeks, then quarterly if continued.

## 2 From backtest to rule

The output is deliberately not a forecast. It is a decision procedure your purchasing team can follow on a Tuesday morning without ringing anybody, and depart from knowingly when they have a reason.

| | |
|---|---|
| **The record** | Daily prices since 2016 across 376 products, 7,601 grades and 200 locations, assessed and published by 6.30 pm every working day. Your cost model and your buying decisions rest on the same prices. |
| **The spreads** | Domestic against imported, spot against contract, by grade and by month — where they widen, where they close, and how long each state lasts. |
| **The lead indicators** | What moves before your input price does: the feedstock, the freight, the currency, the arrival schedule, the shutdown calendar. |
| **The arrivals** | For imported material, our daily vessel line-ups give the cargoes due at Indian ports weeks ahead. The arrival schedule is one of the lead indicators we test. |
| **The thresholds** | The levels at which the answer changes. A rule with numbers in it, not a principle. |

> **About the key contacts.** They come from our project monitoring software: names, designations and phone numbers of the people who handle purchase at each facility, by sector, state and company, down to district and PIN code. For upcoming projects, the decision makers at the promoter company, the EPC contractor and the subcontractors who place many of the orders. The list is drawn up by our project monitoring team.

> **About the vessel line-ups.** Every morning we publish the line-up of ships due at India's major ports, from Kandla, Mundra and Sikka on the west coast to Paradip, Dhamra and Haldia on the east. For each ship: cargo and quantity, load port, shipper and receiver, and expected arrival. They cover tanker and bulk cargoes; polymers come in containers and are not in them.

### How we handle the work

- A named analyst on every study, from the same desk that assesses our daily prices
- Scope, time and fee agreed in writing before work starts
- Your data is used only for your study. It is not kept afterwards and does not go into our published prices.
- Anything a source tells the price desk in confidence is not passed on to you

## 3 What lands on your desk

- Your buying over five years compared with the alternatives
- Price gaps between domestic and imported, and between spot and contract, by grade
- The prices that tend to move before yours does, and how far ahead
- Key contacts at alternative suppliers
- A written buying rule, with the trigger points set out
- A quarterly check against the market, if you want it continued — because a rule that is never checked becomes another inheritance

### What we need from you

Two to five years of purchase records, and the grades and plants to be covered.

### How long it takes

Six weeks, and then quarterly if you want it kept alive.

### How it starts

A conversation, usually twenty minutes, about what decision the work has to support.

**Talk to the desk**

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**About the figures in this document.** Coverage figures are our own: 376 products, 7,601 grades and 200 locations, assessed and published every working day by 6.30 pm since 2016. No market figure is quoted here that we did not assess ourselves. This document describes the position as at September 2026 and is written to inform a commercial decision; it is not legal, tax or customs advice.