

An index is not a quotation

COST INTELLIGENCE • EPISODE 2 OF 4 • Reviewed 11 October 2026

Choose the right benchmark

A market indicator, a supplier offer and a contractual price-review mechanism answer different questions. Use them together without treating them as interchangeable.

Evidence	What it helps answer	What it does not establish
Index or benchmark	How did a defined market or component move?	Your exact delivered price, product compliance or supplier availability.
Comparable quotation	What is being offered, for which quantity, terms and validity?	Performance over the whole contract or acceptance of a future price change.
Contract and amendments	What obligations, review rules and approvals apply?	That a market increase automatically produces an increase in your selling price.

Match before comparing

Food: identify product, grade or species, processing, packaging, origin, unit and compliance. The FAO basket is market context, not the quotation for a specific item. [1]

Fuel: match grade, purchasing location, taxes, distribution and currency. Crude oil alone does not represent delivered diesel. EIA provides a US-market component explanation, not a universal local price. [2]

Freight: match route, equipment, shipment window and included charges. Do not substitute a dry-container signal for an actual reefer quotation. Include origin and final inland legs. [3]

Insurance: compare the actual insured goods, journey, value, cover, exclusions, deductible, limits and validity. Seek written insurer or broker confirmation. [4]

Read the movement in context

ILLUSTRATION, NOT A PRICING MODEL OR CONTRACT ADJUSTMENT FORMULA

Why 8% does not necessarily mean 8%

Invented cost units; one component changes, all other costs remain unchanged. This example assumes an actual commodity-cost change, not merely an index movement.

Cost component	Baseline	Illustrative new cost
Commodity	50	54 (an assumed 8% rise)
All other costs	50	50 (unchanged)
Total	100	104 (a 4% total rise)

An index rise does not prove the same change in your purchase cost. Verify the pass-through against comparable evidence. The example creates no entitlement to change a contract price.

A compact evidence record

Record the exact source and series; market and product coverage; unit and currency; baseline and comparison periods; publication date and frequency; lags or revisions; inclusions and exclusions; proxy limitations; supporting quotation and its validity; and the responsible reviewer. [5]

Keep costs separate

Check whether fuel, insurance, terminal handling or other charges are already included in a supplier or freight offer. Avoid counting the same exposure twice. Review currency treatment separately rather than applying it twice to a converted price.

Keep the series scenario conditional

Our teaching example assumes approximately one year of preparation and mobilisation, an initial three-year fixed-price term and two optional one-year extensions (3+1+1), with a first possible review in year four. These are not universal UN or institutional rules. Check whether mobilisation sits before or within the initial term; do not count it twice. Options and increases are not guaranteed.

Sources and the next decision

PUBLIC PRIMARY SOURCES • METHODOLOGY CHECKED 11 OCTOBER 2026

Source notes

[1] FAO - Food Price Index

Methodology introduction: a monthly basket of five commodity groups. Used for the scope of the headline index, not current numerical price claims.

[Open primary source](#)

[2] EIA - Factors affecting diesel prices

Section: Diesel fuel prices account for expenses. Explains crude oil, refining, distribution/marketing and taxes in the US retail context.

[Open primary source](#)

[3] Drewry - World Container Index methodology

Dated 1 January 2025. Defines route-specific spot indices and the composite. Does not replace a shipment-specific quote.

[Open primary source](#)

[4] Maersk - What is Cargo Insurance?

Describes transport insurance and differing cover. It is an industry example, not a policy recommendation, affiliation or endorsement.

[Open primary source](#)

[5] BLS - PPI Guide for Price Adjustment

Guidelines 1-7 and 9: base price, series selection, periods, revisions and calculation. Used as methodological guidance, not a clause in an unseen contract.

[Open primary source](#)

Continue the series

Episode 1: price the whole commitment. Episode 2: select comparable benchmarks. Next: distinguish price effects from quantity, mix and operational variance. The final episode addresses evidence for a contractual price review.

For a tailored requirements, cost-exposure or operational-readiness review, contact [JPV NEXA](#).

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