



## Market Notice

**Number:** A1276A  
**Date:** 27 August 2010

---

### Location differentials, origin discounts and standardised storage rates for the wheat 2010/11 marketing season

#### **Location Differentials:**

The location differentials for wheat (WEAT) have been finalized for the 2010/2011 marketing season and are attached in excel format.

Following a similar process to last year, the following reasoning was applied when finalizing the wheat differentials:

- Since the adjustments to the maize differentials earlier in the year encapsulated the costs in the transport industry, all wheat differentials were first aligned to the current maize differentials
- Since wheat and maize transport rates are similar, it was crucial to ensure the various products remain aligned
- Maize differentials were increased factoring a 9% increase on road rates and a 12% increase on rail,
- Following this, a further 2% increase (rounded down) was applied to all northern based silos to align with current quoted tariffs
- The Western Cape silos were adjusted downwards by 2,5% to R390 per ton. This was done after considering rates as provided by industry for both road and rail.
- The rates are calculated considering current transport costs and in no way forecasts possible increases or decreases in any of the factors influencing transport costs

Again reference is made to Hibernia silo that relies on a private rail siding in order to move product via rail, an additional R5 per ton is included in the differential. NWK will recoup the costs from the final buyer out loading the product.

*Members and clients are again reminded that the published location differentials are indicative of transport costs for product from the registered silo to Randfontein, which is the basis for the standardized futures contract. It is impossible that this rate will be 100% accurate throughout the year as road and rail rate factors change. Throughout each marketing season the basis value at each silo, created through supply and demand, must always be considered before making physical delivery onto the exchange.*



JSE Limited Registration Number: 2005/022939/06  
One Exchange Square, Gwen Lane, Sandown, South Africa.  
Private Bag X991174, Sandton, 2146, South Africa. Telephone:  
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

**Executive Directors:** RM Loubser (CEO), NF Newton-King, F Evans (CFO), JH Burke, LV Parsons  
**Non-Executive Directors:** HJ Borkum (Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence, W Luhabe, A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne, G Serobe  
**Alternate Director:** J Berman

**Grade Discounts:**

The grade discounts will only be finalized on the afternoon of the 15th September referencing the new methodology as agreed in 2009.

**Origin Discount:**

The wheat origin discounts remain unchanged as per the previous season:

Wheat from the following origins acceptable for delivery at a **ZERO** origin discount:

*USA Hard Red Spring (Dark Northern Spring and Northern Spring wheat), No 3 or better Canadian Red Western Spring wheat, Australian Hard, Australian Prime Hard, Australian Prime White and Australian Standard White wheat*

Wheat from the following origins acceptable for delivery at a **R100 per ton** discount:

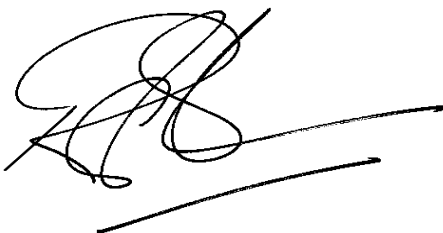
*Argentina, USA Hard Red Winter wheat and German Type A or B wheat*

The exchange will continue to only accept wheat graded as B1, B2 or B3 for the next marketing season.

**Standardised storage rate:**

The standardised storage rate references the domestic output Producer Price Index (PPI) as determined by Statistics South Africa. The PPI for domestic output shows an annual rate of change of +9.4% for the month of June 2010. The wheat standard storage rate therefore increases to **59 cents per ton per day**, applied to all outstanding storage costs on Safex silo receipts delivered in completion of a futures contract.

All the above rates will be applicable from 1 October 2010 through until 30 September 2011.



**Rod Gravelet-Blondin**

Designation      Senior General Manager  
Division          Commodity Derivatives Division  
Tel                +27 11 520 7258  
Fax                +27 11 520 7558  
E-mail address:   [rodgb@jse.co.za](mailto:rodgb@jse.co.za)

**Distributed by the Company Secretariat +27 11 520 7591**