
MARKET NOTICEJohannesburg
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Number: 435A/2016
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 12 August 2016

SUBJECT: REQUEST FOR INFORMATION TO ASSIST WITH DETERMINATION OF LOCATION DIFFERENTIALS (LD) FOR 2016/2017 WHEAT MARKETING SEASON

Name and Surname: Chris Sturgess
Designation: Director Commodities & Key Client Management

Dear JSE Stakeholder,

Please feel free to distribute to any interested parties.

Whilst we appreciate there is uncertainty around the policy relating to imported wheat and application of a tariff further out than end of December 2016, we continue to introduce additional wheat expiries for the 2016/2017 marketing season however participants are reminded of the attached circular from National Treasury regards their commitment in terms of the current status quo in terms of application of the policy. The JSE continues to engage policy stakeholders to stress the importance of confirming the consistent application of the policy until the end of the year and then provide as soon as possible clear guidance how it will be amended, if amended, in order to provide critical clarity to market participants to include in their pricing strategies for 2017 expiries.

As you aware, the new marketing season for wheat (JSE contract code WEAT) commences 1 October 2016 and therefore it is again time to determine the location differentials for the Randfontein referenced WEAT contract.

As is now customary, we will produce formula-based location differentials using the same methodology as in the past seasons. For us to accomplish this, we require the assistance of all industry stakeholders,

including transporters, to submit information to the JSE that will assist us in determining total cost of grain haulage for wheat. The ultimate goal is to establish a more transparent formula for determining the annual LD's.

All interested parties are kindly requested to provide indicative road and/or rail rates that are currently applicable for the month of August 2016 as the JSE does not consider forward looking scenarios in its calculation. Rates provided may be per individual storage location, per distance range, or could be indicated as a percentage change from the current rates.

For your convenience, we have attached a spreadsheet with all JSE registered wheat delivery points for Randfontein. Please provide your Rand-per-ton rates in the column provided. Our aim is to have as accurate information as possible without putting undue burden on you. If you prefer to submit your information in a different format, please do so.

It would be appreciated if the completed table can reach our offices by **Friday 26 August 2016** with the objective of publishing indicative LD's during the following week. Once again, we appreciate your expertise, commitment and effort to assist us in this process.

We have included an indicative Western Cape location differential rate for the WEAT contract where Randfontein is the reference point as a special case and to ensure market participants have a preview to action any response now and not wait until we publish the rates for final comment. An early survey done this week showed that the majority transporters approached, currently offer a *rate of R540-R560 per ton*. We appreciate receiving your feedback in this regard to either support the indicative rates or offer evidence of other rates that should be considered.

Our commitment stands that we always treat your submitted information with utmost confidentiality. Only aggregated information of all stakeholders combined will be used as inputs in our model to determine the LD for wheat.

Should you need further clarity on this, please feel free to contact either Raphael or myself anytime at 011 520 7039 or at commodities@jse.co.za

This Market Notice will be available on the website at <https://www.jse.co.za/redirects/market-notice-and-circulars>