

**MARKET NOTICE**

Johannesburg  
Stock Exchange

Tel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)

**Number:** 541A/2016  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 23 September 2016

**SUBJECT:** FINAL WHEAT LOCATION DIFFERENTIALS AND STORAGE RATES FOR 2016/17 MARKETING SEASON

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

**1. Final Wheat Location Differentials for 2016/17 marketing season.**

Subsequent to market notice 520A/2016 of 15 September 2016, this notice serves to release the final location differentials for wheat for the 2016/17 marketing season. As mentioned before, we have adopted a formula-based approach to determine location differentials for wheat as follows:

$$RPT = \frac{Distance * RLF * RPK}{Payload}$$

Where: Distance is the distance in km to Randfontein,  
 RLF is the return load factor,  
 RPK is in Rand per km and  
 Payload is in tons with 34 tons applied

The provisional results published last week will mainly remain unchanged except for four (4) Suidwes Landbou locations where the rail-road split had to be corrected. The affected locations are, Bloemhof, Christiana, Leeudoringstad and SWL Migdol.

We continue to encourage market participants to contribute road rates when requested in order to assist in determining accurate rates at the time of publishing. It is also important to note that the JSE does not take into account any forward looking scenarios in these calculations and therefore only considers transport rates as currently quoted. That said rail rates for the new season commencing 01 April 2016 and adjusted from time to time, were also included.

The final list of location differentials for wheat for 2016/17 marketing season is attached and below are the final RPK rates and return load factors (RLF) used in our model for the 2016/17 season:

2016/17		Distance	RLF
Distance	RPK		
0-25 Km	71.13	<300 km	2
26-50 Km	32.26	301-325 km	1.9
51-75 Km	23.46	326-350 km	1.8
76-100 Km	20.53	351-375 km	1.7
101-125 Km	19.81	376-400 km	1.6
126-150 Km	18.10	401-425 km	1.5
151-175 Km	17.55	426-450 km	1.5
176-200 Km	16.98	451-475 km	1.5
201-225 Km	16.81	476-500 km	1.4
226-250 Km	16.19	501-550 km	1.3
251-275 Km	15.99	551-600 km	1.2
276-300 Km	15.99	>600 km	1.2
301-325 Km	15.57		
326-350 Km	15.55		
351-375 Km	15.97		
376-400 Km	15.97		
401-425 Km	15.97		
426-450 Km	15.97		
451-475 Km	15.97		
476-500 Km	15.97		
500-600 Km	15.97		
>600 Km	15.97		

## 2. Standard Storage Rates

The standard storage rate for the marketing season 1 October 2016 – 30 September 2017 will increase based on the June PPI rate as published at the end of July 2016, namely 6.8% and so the standard storage rate applied to outstanding storage in completion of a futures contract will be **85 cents per ton per day**.

Please ensure that when making delivery of JSE silo receipts issued in the previous marketing season, all storage is paid up to and including 30 September 2016

### 3. Wheat Grade Discounts

We remind market participants that the grade discounts are calculated based on an agreed formula which was agreed on some time back. Below are the new wheat grade discounts for the 2016-17 marketing season:

WHEAT GRADE DISCOUNTS APPLICABLE FROM 1 OCTOBER 2016 TO 30 SEPTEMBER 2017			
GRADE	B1	B2	B3
PROTEIN	12%min	11%min	10%min
SPECIFIC WEIGHT	77kg/hl min	76kg/hl min	74kg/hl min
DISCOUNT	PAR	-R180.00	-R360.00

### 4. Wheat Origin Discounts

The established origin discounts, including Russian and Ukrainian origins that were added last year, will remain unchanged for the new season commencing 01 October 2016 and are as follows:

- 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, Russian wheat and Ukrainian wheat

Should you have any questions regarding the above, please do not hesitate to contact the Commodities Team at 011 520 7039 or email [commodities@jse.co.za](mailto:commodities@jse.co.za)

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