

MARKET NOTICE

NOTICE NO. 90A/2015

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DATE: 12 February 2015

SUBJECT: PROPOSED LOCATION DIFFERENTIALS FOR SUNFLOWER SEEDS FOR THE 2015-16 MARKETING SEASON

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Dear Market Participant,

1 PROPOSED LOCATION DIFFERENTIALS

This notice provides the provisional location differential rates for sunflower seeds for the 2015/16 marketing season. As was the case with the previous marketing season, we have adopted a formula-based approach to determine the location differentials for sunflower seeds as follows:

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

Where:

Distance is distance in km's to the reference point,
 RLF is the return load factor,
 RPK is Rand per km based on the contributions received from the market, and
 Payload is in tons and in this case is 30 tons.

PLEASE REVIEW THE ATTACHED SPREADSHEET WITH PROVISIONAL LOCATION DIFFERENTIALS AND REPORT ANY INACCURACIES IN WRITING BY NO LATER THAN CLOSE OF BUSINESS ON FRIDAY 20 FEBRUARY 2015 TO commodities@jse.co.za

As per previous year, the JSE extended an open invitation through notice A017-2015 to the market to contribute road rates applicable for short, medium and long haul distances in the sunflower seed transport industry. These road rates together with road distances from registered storage locations to Randfontein were used in the model to calculate the location differentials for sunflower seeds. **No rail rates were considered for this exercise.** A representative sample of contributions was received and then weighted based on the tonnages moved by the transport company during the current marketing season.

Based on submitted input data and our subsequent model calculation, the following observations were made regarding the proposed differentials:

- a. The average decrease in location differential rates from the previous year is **7.37%** (from R244.55/ton down to R226.52/ton).
- b. We appreciate the year-on-year decline in diesel prices from Feb 2014 to Feb 2015 was 29.38%, however please note the fuel component only represents a percentage of total transport costs, this can range from 35% to 45% of the transporters cost.
- c. Please note again that we have referenced actual transport costs as contributed and not made any forward looking assumptions.
- d. The actual transport rates received from each transporter also include current supply and demand factors of the various routes and so this is also translated into the published RPK rates.
- e. The aggregated Rand Per Kilometer (RPK) rates determined from transporters submissions were as follows:

	2015-16	2014-15	%
KM	RPK	RPK	Change
0-15 km	103.00	114.62	-10.14%
16-25 km	71.00	79.15	-10.30%
26-50 km	34.85	37.59	-7.29%
51-75 km	24.22	26.29	-7.87%
76-100 km	19.41	20.94	-7.31%
101-125 km	18.22	19.76	-7.79%
126-150 km	16.25	17.62	-7.78%
151-175 km	16.11	17.52	-8.05%
176-200 km	15.84	17.61	-10.05%
201-225 km	15.38	16.97	-9.37%
226-250 km	15.31	16.79	-8.81%
251-275 km	14.83	16.04	-7.54%
276-300 km	14.60	15.73	-7.18%
301-325 km	14.64	15.78	-7.22%

326-350 km	15.35	16.52	-7.08%
351-375 km	15.76	15.91	-0.94%
>375 km	16.93	16.98	-0.29%

- f. With the exception of the far out distances, these rates are all lower than last season's rates.
- g. We have adopted the same return load factor for sunflower seeds as referenced last season. The table is shown below:

Distance	RLF
<325 km	2
326-350 km	1.9
351-375 km	1.8
376-400 km	1.7
>400 km	1.6

2 STANDARD STORAGE RATES FOR DELIVERY IN COMPLETION OF A SUNFLOWER SEED FUTURES CONTRACT

The standard storage rate for the marketing season 1 March 2015 – 29 February 2016 will increase based on the PPI rate as published in December 2014, namely 6.5% and so the standard storage rate applied to outstanding storage in completion of a futures contract will increase to **R1.30 per ton per day**.

Please ensure that when making delivery of Safex silo receipts issued in the previous marketing season, all storage must be paid up to and including 28 February 2015.

Should you have any queries regarding the proposed location differentials or process to determine the standard storage rates please contact me directly or Raphael Karuaihe on 011 520 7039 or e-mail commodities@jse.co.za.

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