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**MARKET NOTICE**Johannesburg  
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**Relates to:**  Equity Market  
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**SUBJECT:** FINAL WHEAT LOCATION DIFFERENTIALS AND STORAGE RATES FOR 2018/19 MARKETING SEASON

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**FINAL WHEAT LOCATION DIFFERENTIALS FOR 2018/19 MARKETING SEASON**

Subsequent to market notice 354A/2018 of 17 September 2018, this notice serves to release the final location differentials for wheat for the 2018/19 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 the following locations:

**Holfontein:**

After public concern for inconsistency in the Holfontein rate compared with Aureus and Battery, we went back to transporters to understand their rationale. I can confirm that Holfontein rate has been adjusted to be at par with Battery at R97/ton.

**Wonderfontein and Wonderfontein Depot:**

As a matter of principle, we normally equalize rates for delivery points within the same town/city to avoid any arbitrage opportunity. Upon public enquiry, we have decided to put Wonderfontein and Wonderfontein Depot rates at par at R253/ton.

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 1 April 2018 and adjusted from time to time, were also included.

The final list of location differentials for wheat for 2018/19 marketing season is attached and below are the final RPK rates and return load factors (RLF) used in our model:

<b>2018/19</b>			
<b>Distance</b>	<b>RPK</b>	<b>Distance</b>	<b>RLF</b>
0-15 Km	253.89	<300 km	2
16-25 Km	74.57	301-325 km	1.9
26-50 Km	38.91	326-350 km	1.8
51-75 Km	27.74	351-375 km	1.7
76-100 Km	23.99	376-400 km	1.6
101-125 Km	22.39	401-425 km	1.5
126-150 Km	20.21	426-450 km	1.5
151-175 Km	18.57	451-475 km	1.5
176-200 Km	18.9	476-500 km	1.4
201-225 Km	18.3	501-550 km	1.4
226-250 Km	17.92	551-600 km	1.4
251-275 Km	17.35	>600 km	1.4
276-300 Km	17.05		
301-325 Km	16.27		
326-350 Km	16.27		
351-375 Km	16.27		
376-400 Km	16.27		
401-425 Km	16.27		
426-450 Km	16.27		
451-475 Km	16.27		
476-500 Km	16.27		
500-600 Km	15.96		
>600 Km	15.96		

## STANDARD STORAGE RATES

The standard storage rate for the marketing season 1 October 2018 - 30 September 2019 will increase based on the June PPI rate as published at the end of July 2018, namely 5.9% and so the standard storage rate applied to outstanding storage in completion of a futures contract will be **93 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 2018.

## WHEAT GRADE DISCOUNTS

As has been communicated through Market Notice 131/2017 and subsequent notices, the JSE will adopt a new methodology for determining wheat grade discounts as follows:

**The JSE for the marketing season 1 October 2018 - 30 September 2019 will apply a grade discount per 1% protein change of \$7.3488 per ton multiplied by the local exchange rate as determine and finalized by the latest 14 September 2018. The final discount will be rounded to the closest R1/ton value.**

The JSE will consider the average exchange rate for the past 7 weeks leading up to 15 September each year (as published by SAGIS for the wheat import tariff calculations - [http://www.sagis.org.za/koringtarief\(20180913\).pdf](http://www.sagis.org.za/koringtarief(20180913).pdf)) in order to determine the average Dollar Rand exchange rate.

Below are the new wheat grade discounts for the 2018-19 marketing season:

Date	Exchange Rate R/\$
2018/07/31	R 13.1591
2018/08/07	R 13.3375
2018/08/14	R 14.2920
2018/08/21	R 14.3838
2018/08/28	R 14.1545
2018/09/04	R 15.0512
2018/09/11	R 15.0510
<b>Average Exchange Rate</b>	<b>R 14.2042</b>
<b>Final Grade Discount</b>	
Grade discount per 1% protein change	<b>7.3488</b>
B1	PAR
B2	R 104.00
B3	R 208.00

## WHEAT ORIGIN DISCOUNTS

As per Market Notice 54A/2017, the wheat origin discount of R100 on the JSE for imported wheat from certain origins has been removed since last season. However, the JSE has subsequently been requested to reconsider introducing origin discounts, provided we can find an acceptable methodology based on quality of imported product.

A proposal was submitted for consideration by the Advisory Committee and any proposed changes, once accepted by the market, will only be implemented at the next marketing season.

Thus for this marketing season, wheat from the following origins will be acceptable for delivery at a **ZERO** origin discount:

USA Hard Red Spring (Dark Northern Spring and Northern Spring wheat), USA Hard Red Winter wheat, No 3 or better Canadian Red Western Spring wheat, Australian Hard, Australian Prime Hard, Australian Prime White and Australian Standard White wheat, Argentina, 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-notice-and-circulars>