

## Market Notice

**Number:** A1984 A  
**Date:** 25 March 2014

---

### 1. Final Maize Location Differentials for 2014/15 marketing season.

Subsequent to market notice A1974 of 10 March 2014, this notice serves to release the final location differentials for maize for the 2014/15 marketing season.

We received a number of additional inputs from market participants during the feedback period and this led to us updating our model inputs and thereby revising some key statistics as can be seen in revised tables below. The marked difference in figures can be attributed to a number of factors, amongst others the following:

- a) The JSE reported in the last market note that, when determining the RPK rates using the road rates (Rand per ton) provided by the transporters, there was an increase in rates in the long distance range. This was due to a difference in model assumption on return load factors (RLF) where transporters provided the JSE with what they call shuttle rates which assume an empty return load, while the JSE applied a sliding scale in their conversion. That said the rates still show a substantial increase from last year when looking at distances from 351km's onwards. The latest 2014 RPK rates are available below.
- b) Secondly, at the time of publishing the provisional results, we were only having access to the average increase of 6.9% in rail rates which we applied across all storage locations. It turned out that the increase was not uniform across all locations and we corrected this when the actual rates per location became available. The average rail vs road out loading ratio across all delivery points where rail sidings are available for the past season was 18% rail and 82% road.
- c) We have received additional road rate contributions from two new transporters who were not in the initial sample, thereby increasing our sample population from 4 to 6.

All the above factors have contributed in one way or another to the changes in the revised location differential rates as can be seen in the attached excel spreadsheet. Below are the final RPK rates used in our model:

	2014	2013
Distance	RPK	RPK
0-15 Km	85.67	R 80.31
16-25 Km	59.10	R 55.60
26-50 Km	30.07	R 28.70
51-75 Km	21.63	R 19.41
76-100 Km	20.37	R 17.65
101-125 Km	19.58	R 17.07



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:** NF Newton-King (CEO),  
A Takoodeen (CFO)  
**Non-Executive Directors:** HJ Borkum (Chairman), AD Botha, M Jordaan  
MR Johnston, DM Lawrence, A Mazwai, Dr. MA Matooane, NP Mnxasana,  
NS Nematswerani, N Nyembezi-Heita, N Payne  
**Alternate Directors:** JH Burke, LV Parsons  
**Company Secretary:** GC Clarke

<b>126-150 Km</b>	18.83	R 16.77
<b>151-175 Km</b>	18.08	R 16.25
<b>176-200 Km</b>	18.01	R 16.16
<b>201-225 Km</b>	17.75	R 15.95
<b>226-250 Km</b>	17.46	R 15.89
<b>251-275 Km</b>	17.25	R 15.17
<b>276-300 Km</b>	17.19	R 14.85
<b>301-325 Km</b>	17.19	R 14.99
<b>326-350 Km</b>	17.13	R 14.76
<b>351-375 Km</b>	16.89	R 13.78
<b>376-400 Km</b>	16.85	R 13.60
<b>&gt;400 Km</b>	16.45	R 13.60

In order to address the revised changes in RPK for long distances that we see above, the RLF sliding scale was amended from what was proposed in the initial market notice of A1974. The final revised scale is given in the table below:

<b>Distance</b>	<b>Load Factor</b>
<300 km	2
301-325 km	1.9
326-350 km	1.8
351-375 km	1.7
376-400 km	1.6
401-425 km	1.5
426-450 km	1.5
451-475 km	1.5
476-500 km	1.4
501-550 km	1.3
551-600 km	1.2
>601 km	1.1

The adjustment in the RLF sliding scale above means that road rates may be lower for some longer distances when compared with last year.

Combining the RPT formula above with rail-road ratios and rail rates, we were in a position to determine location differentials to Randfontein for each of the 214 registered maize storage locations.

The revised rates show an average increase of **9.82%** when comparing the average percentage change from the previous season. We appreciate the change from what was originally proposed however with the factors mentioned above we are confident these reflect a fair and accurate indication of current transport factors taking all things into consideration.

Members and clients are again reminded that the published location differentials are indicative of transport costs for product from the registered storage location 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 transport components change.

We will continue to monitor the response of our model to fundamental information supplied by the market and fine-tune it from time to time when warranted to do so.

The response we received from the market once again demonstrated that this is not a JSE project but a grain industry project. We value your active participation and valuable contributions that make this exercise a success.

## 2. Standard Storage Rates

The standard storage rate for the marketing season 1 May 2014 – 30 April 2015 will increase based on the PPI rate as published at the end of February 2014, namely 7.0% and so the standard storage rate applied to outstanding storage in completion of a futures contract will be **61 cents per ton per day**.

Please ensure that when making delivery of Safex silo receipts issued in the previous marketing season, all storage is paid up to and including 30 April 2014.

Should you have any questions regarding the above, please do not hesitate to contact the Commodities Team at 011 520 7231 or email [commodities@jse.co.za](mailto:commodities@jse.co.za).



### Chris Sturgess

Designation      Director  
Division          Commodity Derivatives  
Tel                +27 11 520-7299  
Fax                +27 11 520-7558  
E-mail address:   chriss@jse.co.za

**Distributed by the Company Secretariat +27 11 520 7346**