

MARKET NOTICE

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SUBJECT: FINAL WHEAT LOCATION DIFFERENTIALS FOR 2014-15 MARKETING SEASON



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Dear JSE Stakeholder

1. Final Wheat Location Differentials for 2014/15 marketing season.

Subsequent to market notice A2080 of 04 September 2014, this notice serves to release the final location differentials for wheat for the 2014/15 marketing season.

The JSE received limited written submissions which were discussed with the parties concerned. As a result there is no material change to the initial proposal as presented in market notice A2080.

The final Return Load Factors (RPT's) adopted from the maize model are presented in the sliding scale below:

Distance	RLF
<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
>600 km	1.1

a. Randfontein Location Differential Rates (LDR)

Combining the RPT formula above with rail-road ratios, and rail rates, we were in a position to determine an LDR from Randfontein for each of the 171 JSE-registered wheat storage facilities. The Western Cape-Reef LDR due to the distance from Randfontein is not driven off the same formula and was derived based on feedback received from the market.

The table below shows the aggregate rand per kilometer (RPK) rates specific to Randfontein for road transport that we obtained from the industry and used in our calculations:

	2014/15
Distance	RPK
0-25 Km	70.01
26-50 Km	32.29
51-75 Km	23.49
76-100 Km	20.99
101-125 Km	19.81
126-150 Km	18.67
151-175 Km	18.27
176-200 Km	18.25
201-225 Km	18.03
226-250 Km	17.91
251-275 Km	17.63
276-300 Km	17.49
301-325 Km	17.29
326-350 Km	17.29
351-375 Km	17.11
376-400 Km	17.05
401-425 Km	17.05
426-450 Km	17.05
451-475 Km	17.05
476-500 Km	17.05
500-600 Km	17.05
>600 Km	17.05
W. CAPE-REEF(R/Ton)	580

The attached excel spreadsheet provides the final location differentials to Randfontein.

b. Paarl Location Differential Rates (LDR)

Similarly with the CAPE wheat contract, we were in a position to determine an LDR from Paarl for each registered wheat silo considering only road rates. Refer to attached spreadsheet for the final rates.

The table below shows the aggregate rand per kilometer (RPK) rates specific to Paarl that we obtained from the industry and used in our calculations:

	2014/15
Distance	RPK
0-45 Km	24.53
46-60 Km	23.16
61-75 Km	20.14
76-90 Km	18.99
91-105 Km	19.10
106-120 Km	18.59
121-135 Km	18.40
136-150 Km	18.39
151-165 Km	18.04
166-180 Km	18.01
181-195 Km	17.69
196-210 Km	17.69
211-225 Km	17.52
226-240 Km	17.37
>240 Km	17.37

2. Standard Storage Rates

The repeat from the previous notice, the standard storage rate for the marketing season 1 October 2014 – 30 September 2015 will increase based on the June 2014 PPI for manufacturing output as published at the end of July 2014, namely 8.1%. Therefore the standard storage rate applied to outstanding storage in completion of a futures contract will be **77 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 2014**.

3. Grade Discount Rates

The grade discounts will only be finalised after the 15th September as per the agreed methodology.

All the rates will be updated on the JSE webpage (www.jse.co.za) and can be found under the related documents section of “Grain Futures and Options” section. 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.