

MARKET NOTICE

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Relates to: ☐ Equity Market
☐ Equity Derivatives
☒ Commodity Derivatives
☐ Interest Rate and Currency Derivatives
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SUBJECT: SUGGESTED AMENDMENTS TO WHEAT GRADING REGULATION

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Dear Stakeholder,

The JSE has received communication from the Wheat Forum informing us of a consensus reached between the various wheat industry stakeholders in an effort to revive the industry.

Part of the revival strategy was the improvement of the grading regulations for wheat, to bring it more in line with international standards but at the same time to compensate farmers for the production of good quality wheat.

After several attempts, the Wheat Forum has reached consensus on the following grading specifications for South Africa wheat:

Table 1: Suggested Grading Regulation Amendments

Grade	Minimum Protein (%)	Hectolitre Mass (Kg)	Falling Number
Super	12.5	76	250 seconds (30 second deviation)
B1	11.5	76	250 seconds (30 second deviation)
B2	10.5	76	250 seconds (30 second deviation)
B3	9.5	74	250 seconds (30 second deviation)

The above proposed changes to officially amend the wheat grading regulations are pending an approval and publication by the Minister of Agriculture, Forestry and Fisheries.

Subject to the approval by the Minister, the Wheat Forum further requested the JSE to introduce the following grade adjustments:

Table 2: Grade Adjustments

Grade	Minimum Protein (%)	Grade Adjustment (%)
Super	12.5	+2.0
B1	11.5	Base
B2	10.5	-1.0
B3	9.5	-4.0

In determining the base grade price from which the other prices will be derived, the industry has requested the JSE to revert back to our original base methodology, namely:

- *An arithmetic average of the near dated December expiry daily mark-to-market (mtm) for the JSE wheat (WEAT) futures contract will be referenced;*
- *The rate will be finalized including mtm data on the 15th September each year (if this not a business day, the first business day prior);*
- *A six month reference period will be applied commencing from and including 15th March each year (if this is not a business day, the first business day prior);*
- *The December WEAT expiry is the only expiry month considered in the methodology;*
- *Once the average futures price is calculated for the period for the par base grade, then grade adjustments as per table 2 above will be applied to this value to determine prices for the Super, B2 and B3 wheat grades for the next marketing season; and*
- *The final grade adjustment will be rounded off to the closest R1 interval*

Market participants are requested to please beware of the eminent changes to the wheat grade specifications and their corresponding grade adjustments. Depending on timely feedback from the Minister, it is likely that these changes will be implemented in the coming marketing season, but we will update the market as soon as we get new information in this regard.

Any foreign wheat delivered on the exchange will be treated the same way according to table 2 grade adjustments.

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

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