

MARKET NOTICE

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Number: 282/2019
Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
Date: 13 September 2019

SUBJECT: AMENDMENTS TO GRADING REGULATIONS FOR BREAD WHEAT

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Dear Stakeholder,

This market notice follows Market Notice 82/2019, dated 11 March 2019, in which the JSE alerted the market of possible changes to the wheat grading regulations, brought about by industry consensus in an effort to revive the domestic wheat industry. These changes were subject to approval and sign off by the Minister of Agriculture.

The Minister’s approval is still pending, but communication from the Wheat Forum Steering Committee, in a letter dated 12 September 2019, the industry has unanimously resolved to proceed and amend regulations for Bread Wheat for implementation effective from 1 October 2019. This is irrespective of the actual date of approval by the Minister.

The grading specifications for South Africa bread wheat, effective 1 October 2019, are as follows:

Table 1: New Grading Regulations

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)

In line with the above resolutions by the wheat industry, the JSE will, effective 1 October 2019, adopt the amended wheat grading regulations. Furthermore, the following wheat grade adjustments will apply:

Table 2: Wheat 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.

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

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