

MARKET NOTICE

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Relates to: Equity Market
 Equity Derivatives
 Commodity Derivatives
 Interest Rate and Currency Derivatives
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SUBJECT: PROPOSED LOCATION DIFFERENTIALS FOR SUNFLOWER SEEDS FOR THE 2020-21
MARKETING SEASON

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Dear Market Participant

1. Proposed Location Differentials

This notice provides the provisional location differential rates for sunflower seeds for the 2020/21 marketing season. As was the case with the previous marketing season, we have adopted a formula-based approach to determine the location differentials for sunflower seeds as follows:

$$RPT = \frac{Distance * RLF * RPK}{Payload}$$

Where:

Distance is distance in km's to the reference point,

RLF is the return load factor,

RPK is Rand per km based on the contributions received from the market, and

Payload is in tons and in this case is 30 tons

PLEASE REVIEW THE ATTACHED SPREADSHEET WITH PROVISIONAL LOCATION DIFFERENTIALS AND REPORT ANY INACCURACIES IN WRITING BY NO LATER THAN CLOSE OF BUSINESS ON WEDNESDAY 26 FEBRUARY 2020 TO commodities@jse.co.za

As per previous year, the JSE extended an open invitation to the market to contribute road rates applicable for short, medium and long haul distances in the sunflower seed transport industry. These road rates together with road distances from registered storage locations to Randfontein were used in the model to calculate the location differentials for sunflower seeds. **No rail rates were considered for this exercise.** A representative sample of contributions was received and then weighted based on the tonnages moved by the transport company during the current marketing season.

Based on submitted input data and our subsequent model calculation, the following observations were made regarding the proposed differentials:

- a. The average increase in location differential rates from the previous year is **4.01%** (from R272.06/ton to R282.97/ton).
- b. Please note that we have referenced actual transport costs as contributed and not made any forward-looking assumptions.
- c. The actual transport rates received from each transporter also include current supply and demand factors of the various routes and so this translated into the published RPK rates.
- d. We once again this year observe a marked trend in rates where the rates have moved up significantly for shorter distances below 130km. However, for distances longer than 100 km the rates are mostly uniform around the average increase.
- e. We have adopted the same return load factor for sunflower seeds as referenced last season. The table is shown below:

Distance	RLF
<325 km	2
326-350 km	1.9
351-375 km	1.8
376-400 km	1.7
>400 km	1.6

The new table of RPKs now looks as follows:

2020/21		2020/21	
KM	RPK	KM	RPK
0-10 km	485,89	221-230 km	19,04
11-20 km	173,24	231-240 km	18,91
21-30 km	118,33	241-250 km	18,87
31-40 km	88,60	251-260 km	18,70
41-50 km	55,72	261-270 km	18,66
51-60 km	52,50	271-280 km	18,57
61-70 km	38,76	281-290 km	18,46
71-80 km	35,37	291-300 km	18,42
81-90 km	31,65	301-310 km	18,41

91-100 km	30,11	311-320 km	18,38
101-110 km	27,95	321-330 km	18,38
111-120 km	25,61	331-340 km	18,38
121-130 km	23,29	341-350 km	18,38
131-140 km	21,31	351-360 km	18,11
141-150 km	20,22	361-370 km	18,11
151-160 km	20,03	371-380 km	18,11
161-170 km	19,78	381-390 km	18,11
171-180 km	19,52	391-400 km	18,11
181-190 km	19,24	401-410 km	18,11
191-200 km	19,13	411-420 km	18,11
201-210 km	19,26	421-430 km	18,11
211-220 km	19,10	>430 km	18,11

2. Standard Storage Rates for delivery in completion of a sunflower seed futures contract

The standard storage rate for the marketing season 1 March 2020 – 28 February 2021 will increase based on the PPI rate as published in December 2019, namely 2.3% and so the standard storage rate applied to outstanding storage in completion of a futures contract will increase to **R1.66 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 29 February 2020.

Should you have any queries regarding the proposed location differentials or process to determine the standard storage rates please contact Commodities team on 011 520 7039 or e-mail commodities@jse.co.za

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