

## MARKET NOTICE

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**Relates to:**

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**Date:** 13 August 2025

**SUBJECT:** PROPOSED METHODOLOGY FOR ESTABLISHING SPECULATIVE POSITION LIMITS IN THE SPOT MONTH FOR WHITE MAIZE

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Dear Client

Following the Commodity Advisory Meeting held on 17 July 2025, where review of speculative position limits for white maize was discussed, JSE is inviting market participants to provide comments on the proposal.

The discussion was prompted by the significant volatility observed in the white maize market from last year through to mid-May 2025, largely driven by tight domestic stock levels. A key concern raised was whether the current spot month position limit for white maize remains sufficient in light of the low carry-over stock entering the new season.

In accordance with Rule 10.40, the current speculative spot month limit for white maize is set at 800 contracts. Given that this limit is expressed as an absolute number, it may be disproportionately high during periods of constrained stock availability. The existing methodology for determining speculative position limits applicable to all physically settled contracts ensures consistency, transparency, and alignment with market fundamentals, particularly in relation to deliverable supply and anticipated production levels. For the spot month limit, the JSE assesses **deliverable supply** at a specific point in time. Deliverable supply is defined as the quantity of a commodity that meets the delivery specifications of a futures contract and is reasonably expected to be readily available for delivery. This includes stock held on owner's certificates, folio, and JSE receipts.

Based on this assessment, the spot month position limit is set at **8% of the deliverable supply**.

For the **single-month and all-month position limits**, the methodology relies on anticipated or estimated production figures of the underlying commodity. These figures are then used to calculate absolute limits by applying **3% for the single-month** and **5% for the all-month** positions.

Based on the methodology outlined above, the following approach was presented at the advisory meeting for consideration and discussion:

**Table 1: Current Speculative Position Limits vs. Proposed**

			Current	Proposed	%Chg.	Chg.
<b>Deliverable Supply</b>  <b>Align with estimated production figures as per principles agreed with the market</b>	Spot Month	8%	800	400	-50%	400
	Single Month	3%	3000	-	-	-
	All Month	5%	5000	-	-	-

As at the end of March, the **deliverable supply** for white maize was recorded at **458,769 tons**. Applying the spot month limit methodology, **8%** of this figure equates to **36,701.52 tons**. Given that the contract size is **100 tons**, this translates to **367.01 contracts**. In line with standard practice, this figure is rounded up to the nearest hundred, resulting in a proposed spot month limit of **400 contracts**. For the determination of the proposed single-month and all-month speculative position limits, the **first official production forecast** was used as the basis for calculating the applicable thresholds.

The CEC estimates above average white maize crop production in the current marketing season vs previous season. In light of this, the JSE has raised the question of whether it is necessary to reduce the current spot month position limit to 400 contracts. However, views on this matter are mixed, particularly given that the SAGIS weekly producer deliveries report for week number 11 only estimated 58–59% of the total white maize crop to be WM1 grade. This raises concerns about the actual volume of deliverable supply available for futures delivery, which is a key input in determining appropriate position limits. It is important to note that WM2 is a tradable instrument and is deliverable on the exchange. Therefore, market participants should take this into account when formulating their responses to the JSE regarding speculative position limits.

Taking into account the dynamics between WM1 and WM2 the pertinent question is: **Should there be separate speculative position limits for WM1 and WM2?** Clarification on this point is essential to ensure that position limits accurately reflect the characteristics and deliverability of each grade within the white maize contract.

The JSE is of the view that the current speculative position limits for white maize are adequate. However, to enhance responsiveness to market conditions, the JSE is proposing a more dynamic approach specifically for the spot month limit. This would ensure that the limit remains appropriate during periods of tight stock levels, while allowing for a higher threshold when there is sufficient **deliverable supply** in the country.

By considering a dynamic speculative position limit for the spot month, the following potential benefits could be realised:

- **Improved alignment with market fundamentals**, particularly stock availability;
- **Enhanced market stability** during periods of volatility;
- **Greater flexibility** for participants without compromising market integrity;
- **Support for liquidity** by avoiding unnecessarily restrictive limits during periods of ample supply;
- **Increased transparency and predictability**, especially if predefined thresholds are published for varying supply conditions.
- **Improving market confidence** by showing that JSE is responsive to real-time risks

There are several potential challenges that must be considered. A key requirement is access to accurate and timely data on stock levels and prevailing market conditions. This highlights the importance of closely monitoring **S&DEC figures**, which should play a central role in informing any final decisions. Unlike static limits, dynamic speculative position limits will be adjusted based on the availability of deliverable supply at JSE-registered silos. This assessment will be informed by stock levels at the end of October each year, enabling a data-driven decision-making process. Based on this evaluation, the dynamic spot month limit will be set at 8% of the calculated 'Deliverable Supply'. In addition, SAGIS's 'Progressive Monthly Data' and 'Weekly Producer Deliveries' will be monitored as supplementary data sources to support and enhance the accuracy of the decision.

It is acknowledged that introducing dynamic limits adds complexity market participants. Regarding implementation, the full impact remains uncertain at this stage.

From a market perspective, while there is a possibility that overly restrictive limits could have an adverse impact on liquidity, this concern may be mitigated by the fact that the proposed adjustment applies solely to the **spot month**. As such, the associated risk appears limited. Nonetheless, there remains an element of unpredictability that should not be overlooked. One way to address this would be to **publish predefined limits** that apply under conditions of tight stock levels versus periods of ample supply as illustrated in **Table 1** as an example.

The JSE will publish both the 800 and 400 contract thresholds for the spot month position limit. The final determination of which limit will apply will be informed by **datasets**, which reflect prevailing stock levels and market conditions. In instances where stock levels are anticipated to be tight, the JSE will issue a market communication to notify participants of the revised position limits. These new limits will come into effect one business day following the publication of the notice. However, should the anticipated tight stock conditions no longer materialise, the upper position limit will remain in place.

This decision will be made during November, preceding the start of the new calendar year, and will apply specifically to the **February, March, and April expiry months**.

Market participants are kindly requested to provide their feedback by **close of business on 3 September 2025**. Your input is valuable in ensuring that the proposed approach is both practical and aligned with market needs. Following the receipt and consideration of all relevant feedback, the JSE will propose amendments to the speculative position limit rules, should a decision be made to revise the existing limits.

Should you have any queries regarding this Market Notice, please e-mail: [commodities@jse.co.za](mailto:commodities@jse.co.za)

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