

## MARKET NOTICE

**Number:** 410A/2023

**Relates to:**

- Equity Market
- Equity Derivatives Market
- Commodity Derivatives Market
- Currency Derivatives Market
- Interest Rate Derivatives Market
- Bond Market
- Bond ETP Market

**Date:** 04 December 2023

**SUBJECT:** SOYA BEAN INDICATIVE LOCATION DIFFERENTIALS

**Name and Surname:** Anelisa Matutu

**Designation:** Head - Commodities

Dear Client,

With reference to [Market Notice 190A/2023](#) issued 4 May 2023.

The JSE has received a variety of constructive comments around the new multiple reference point differential model as we continue with our awareness campaign. In an effort to further assist the market appreciate the different components of the new model, the JSE has considered two scenarios and how they would impact the differentials. One is around a potential drought severely impacting supply in the western part of the country and the other scenario is the inclusion of an export point in the model.

The two scenarios are articulated as below:

1. To simulate the effects of a drought, supply points were divided between East and West with (roughly) the N1 as the dividing line. Stocks available in the west side were reduced by 51%. Silos in the Western side of the country had no changes from the previously published indicative differential however the silos surrounding the demand points or oil mills saw a slight decline in the differential. The results are attached and here it is clear the impact is minimal, with the largest reduction R3 per ton for some delivery points.
2. Regarding exports, an annual export figure of 280 000 tons was added as an additional demand point at Durban. With the addition of Durban as a demand point, silos closer to the demand point see a substantial reduction in the differential. Be mindful the impact will vary depending on the volume referenced. Participants are reminded that for the 2024 season there will be no export point included and so this scenario will not be applied for the upcoming season. We welcome

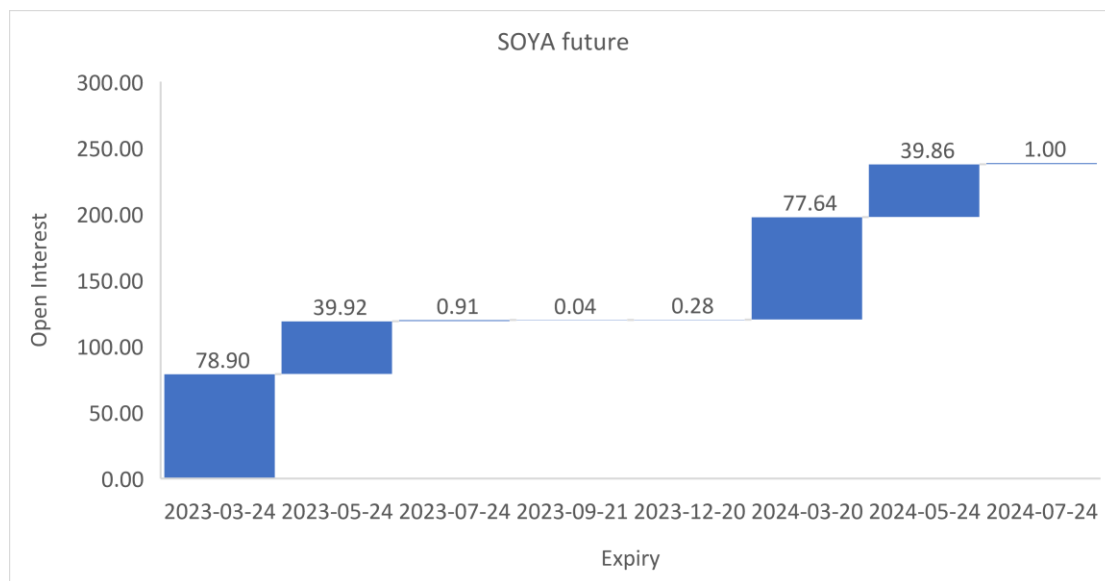
feedback from participants on how to factor the demand from the export point as this may see a larger fluctuation from season to season compared with an operational crushing facility.

Attached to the Market Notice is a spreadsheet with the results of the two scenarios record in a separate sheet.

In addition to the above scenarios, the JSE has adjusted the distance of one location, Rietspruit Bunker. Previously, the distance between the site and Standerton (the demand point) was 138 kilometers, but this has since been reduced to 88 kilometers. There are also two sites that will be deregistered in the new season Potties (VKB) and De Milander (SST) – the removal reflected no material change to any of the surrounding differentials.

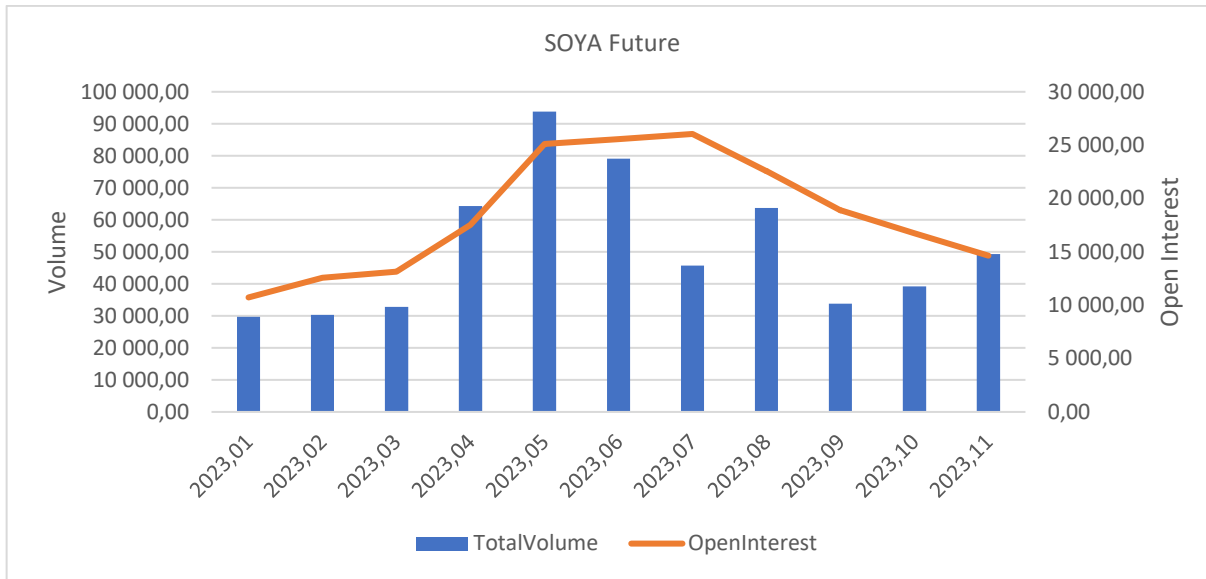
Market participants should take note the model will always reference the silos closest to the demand point. The JSE has received a number of requests to publish the final differentials under the new model, participants are reminded this can only be published in February once the most recent CPK rates are known.

We welcome feedback from market participants following review of these scenarios. The JSE continues to monitor trading activity together with open interest with the current trend indicating positive support for the hedging months especially Mar24 next year. Please find attached some statistics to illustrate this.



**Data as at end of November 2022 vs 2023**

Note: September 2024 contract listed but with no open interest and December 2024 not yet listed.



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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