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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 420A/2022

Relates to:

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

**Date:** 26 August 2022**SUBJECT:** PROPOSED WHEAT LOCATION DIFFERENTIALS FOR 2022/23 MARKETING SEASON**Name and Surname:** Anelisa Matutu**Designation:** Head - Commodities

Dear Stakeholder,

We took a similar approach to the 2022/23 wheat marketing season commencing 1 October 2022 as we did last year. As a result, we are able to publish our proposed rates three weeks earlier.

We used the maize rates applicable as from April this year as the baseline adjustment for all registered wheat delivery points. Thereafter, considered the changes in diesel prices from March 22 to August 22. Diesel prices increased by 25.8% in that period. When consulting grain transport companies, they confirmed that at current fuel costs, the diesel costs represent 50% of the total operating costs. The JSE used 50% of the diesel price increase to establish a final differential adjustment of 13%.

To calculate the final proposed wheat location differential, a 13% adjustment was applied to the existing maize rates. We recognize that the ultimate increase is higher, but as stated in the second paragraph, April maize rates serve as the base adjustment value for all wheat silos.

It is worth reminding market participants that this approach was proposed by market participants to ensure that maize and wheat rates remained aligned.

The differential for the Western Cape silos is based on a survey of a diverse group of participants involved in moving product on this route. After consideration of all the proposals, the JSE proposed rate moves from R615 to R750 per ton. Please note throughout all these calculations, rail rates are not considered on the same basis as was decided for maize earlier in the year.

Please review the proposed location differentials and highlight any gross inaccuracies immediately to [commodities@jse.co.za](mailto:commodities@jse.co.za) by no later than close of business on Friday, 2 September 2022. The JSE aims to release the final numbers soon thereafter.

We value constructive feedback and robust conversations with market participants involved in moving and storing grain who cooperate and provide input each year. The JSE remains open to constructive feedback and suggestions.

#### 1. STANDARD STORAGE RATES

The standard storage rate for the marketing season 1 October 2022 – 30 September 2023 will increase based on the PPI rate as published at the end of July 2022, namely 16.2% and so the standard storage rate applied to outstanding storage in completion of a futures contract will be **R1.24 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 30 September 2022.

#### 2. WHEAT GRADE AND ORIGIN DISCOUNTS

These discounts rely on inputs that run through and include 15 September futures prices, the JSE will therefore publish these once the data period is complete.

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

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