

## MARKET NOTICE

**Number:** 511A/2020  
**Relates to:**  Equity Market  
 Equity Derivatives  
 Commodity Derivatives  
 Interest Rate and Currency Derivatives  
**Date:** 25 September 2020

**SUBJECT:** FINAL WHEAT LOCATION DIFFERENTIALS AND STORAGE RATES  
 FOR 2020/21 MARKETING SEASON

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### 1. Final Wheat Location Differentials for 2020/21 marketing season.

Subsequent to market notice 486A/2020 of 18 September 2020, this notice serves to release the final location differentials for wheat for the 2020/21 marketing season. As mentioned, we have adopted a formula-based approach to determine location differentials for wheat as follows:

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

Where: Distance is the distance in km to Randfontein,  
 RLF is the return load factor,  
 RPK is in Rand per km and  
 Payload is in tons with 34 tons applied

The provisional results published last week will mainly remain unchanged except for the following:  
**Standard Storage rate** amended from R1.00 to 99 cents per ton per day.

**Naboomspruit** rate has been adjusted to R256/ton.

As a matter of principle, we normally equalize rates for delivery points within the same town/city to avoid any arbitrage opportunity. We have aligned the differentials for the below delivery points:

- **Oranjerivier OVK** and **Trans Oranje GWK**
- **Prieska OVK** and **Prieska GWK**

The final list of location differentials for wheat for 2020/21 marketing season is attached and below are the final RPK rates and return load factors (RLF) used in our model:

2020/21			
Distance	RPK	Distance	RLF
0-15 Km	351.32	<300 km	2.0
16-25 Km	82.14	301-325 km	1.9
26-50 Km	47.17	326-350 km	1.8
51-75 Km	30.27	351-375 km	1.7
76-100 Km	26.35	376-400 km	1.6
101-125 Km	24.19	401-425 km	1.5
126-150 Km	21.63	426-450 km	1.5
151-175 Km	19.69	451-475 km	1.5
176-200 Km	19.56	476-500 km	1.4
201-225 Km	19.45	501-550 km	1.4
226-250 Km	19.08	551-600 km	1.4
251-275 Km	18.42	>600 km	1.4
276-300 Km	17.95		
301-325 Km	17.44		
326-350 Km	17.07		
351-375 Km	16.94		
376-400 Km	16.79		
401-425 Km	16.88		
426-450 Km	16.98		
451-475 Km	16.78		
476-500 Km	16.62		
500-600 Km	16.56		
>600 Km	16.51		

## 2. Standard Storage Rates

The standard storage rate for the marketing season 1 October 2020 – 30 September 2021 will increase based on the June PPI rate of 0.5% as published at the end of July 2020. The standard storage rate applied to outstanding storage in completion of a futures contract will be **99 cents 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 2020.

### 3. Wheat Grade Discounts

Grade	Minimum Protein	Grade Adjustment	2019-20 Grade Adjustments	2020-21 Grade Adjustments
Super	12.5%	2%	R 89	R 97
B1	11.5%	Base	PAR	PAR
B2	10.5%	-1%	-R 44	-R 48
B3	9.5%	-4%	-R 178	-R 194

### 4. Wheat Origin Discounts

As agreed upon with the rest of the industry, wheat for delivery from the following origins will attract a zero origin discount.

- USA (Hard Red Spring, Dark Northern Spring, Northern Spring Wheat).
- USA (Hard Red Winter Wheat).
- Canada (Number 3 or better Red Western Spring Wheat).
- Australia (Hard, Prime Hard, Prime White and Standard White Wheat).

Wheat for delivery from the below origins will attract the following origin discounts.

- Argentina
- Germany (type A or B Wheat)
- Ukraine
- Russia

Grade	Origin Discount Adjustment	2019-20 Origin Discount	2020-21 Origin Discount
B1	-2%	-R 89	-R 97
B2	-3%	-R 133	-R 145
B3	-6%	-R 267	-R 290

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)

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