

MARKET NOTICE

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Relates to:

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- Bond ETP Market

Date: 2 February 2021

SUBJECT: PROPOSED CHANGES TO INPUTS FOR CALCULATION OF LOCATION DIFFERENTIALS

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Designation: Head - Commodities

Dear Stakeholder,

As we prepare for the finalization of Location Differentials for oilseeds for the new Marketing Season starting 1 March 2021, we were requested by market participants to consider revisiting certain parameters we use in calculating the Location Differentials (LD).

Below are two inputs that we support and believe enhance the calculation process and therefore would like to implement however we value your feedback. Please consider these and let us know your comments by no later than **Friday, 12 February 2021 at close of business**. The intention is to incorporate these new changes with the oilseeds LDs coming out on 1 March 2021.

1. Distances to Randfontein – All Commodities

Over the years, we continue to receive queries regarding the agreed distances from the registered silo locations to Randfontein. Grain haulage companies originally provided the JSE with respective distances to Randfontein, and the JSE adopted the average of these distances as the official records for the purposes of calculating LDs. Understandably, the routes decided on by grain haulage companies are fluid and change more frequent than originally anticipated and so the JSE would like to recognize this change in the industry.

To remove the constant disputes on distances to Randfontein, it is suggested that the JSE adopts shortest distance from silo location to Randfontein using Google Maps. That way, every market participant will have access to the same verifiable information.

The attached spreadsheet shows the distances, using Google Maps, and these are compared with distances as are currently recorded by the JSE. We request the market to please go through the distances presented and raise any queries you may have.

2. Payload for Sunflower Seeds (SUNS)

Another important input in the calculation of LDs is the Payload. You would recall that, with the exception of SUNS, we use a payload of 34 tons for all our deliverable commodities. The JSE understands this sector has also adapted its equipment over the years to increase the payload for SUNS and so the market is requesting that the JSE revisit this for SUNS, which is currently a 30-ton payload.

Based on the input received, it is proposed that a payload of 34 tons be applied for SUNS as well since the market has evolved over time and load bins have been adapted to carry this kind of load on average. It is important the JSE reflect the changes in the logistics sector and therefore proposes to implement the 34-ton payload in the location differential formula effective from 1 March 2021.

By way of an example, below is an extract of impact on current differentials for SUNS if payload of 34 tons were used:

SILO	OWNER	DISTANCE KM	2020-21 LOC.DIFF.	LOC. DIFF. 34 TONS
Ogies	AFG	158	211	186
Viljoenskroon	ALM	161	212	187
Viljoenskroon	SWK	161	212	187
Villiers	VRY	163	215	190
Naboomspruit	VRY	224	284	251
Ottosdal	NWK	225	286	252
Tweeling	VRY	228	289	255
Wonderf. Depot*	BKB	253	315	278
Wonderfontein	AFG	254	317	279
Buhrmannsdrift	NWK	256	319	282
Losdoorns	SWK	257	320	283
Lothair	AFG	328	382	337
Bultfontein	SWK	330	384	339
Lydenburg	AFG	340	396	349
Vryburg	SWL	342	398	351
Cocolan	OVK	370	402	355
Ficksburg	OVK	373	405	358
Thaba Nchu	OVK	383	393	347
Van Tonder	SWK	395	405	358

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

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