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**MARKET NOTICE**Johannesburg  
Stock ExchangeTel: +27 11 520 7000  
[www.jse.co.za](http://www.jse.co.za)**Number:** 049A/2021**Relates to:**  
 Equity Market  
 Equity Derivatives Market  
 Commodity Derivatives Market  
 Currency Derivatives Market  
 Interest Rate Derivatives Market  
 Bond Market  
 Bond ETP Market**Date:** 18 February 2021**SUBJECT:** PROPOSED LOCATION DIFFERENTIALS FOR SUNFLOWER SEEDS FOR THE 2021-22  
MARKETING SEASON**Name and Surname:** Raphael Karuaihe**Designation:** Head - Commodities

Dear Market Participant,

**1. Proposed Location Differentials**

This notice provides the provisional location differential rates for sunflower seeds (SUNS) for the 2021/22 marketing season. As was the case with the previous marketing season, we have adopted a formula-based approach to determine the location differentials for sunflower seeds as follows:

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

Where:

Distance is distance in km's to the reference point,

RLF is the return load factor,

RPK is Rand per km based on the contributions received from the market, and

Payload is in tons and specific to that commodity as per industry practice.



Please note that, based on feedback received from the market, the JSE has adopted a payload of 32 metric tons for SUNS as well as Google Maps shortest distances to Randfontein as the official inputs for determining location differentials.

While the model formula remained unchanged, the challenge this year was that most transporters did not submit any new road rates and instead suggested that we simply adjust the previous year's differentials by inflation.

Given all these considerations, the JSE has proceeded to determine SUNS Location Differentials for the 2021-22 marketing season as follows:

- a. The 2020-21 SUNS location differentials were adjusted by the December 2020 CPI of 3.1% and this served as proxy for aggregate road rates 2021-22 marketing season.
- b. Distances to Randfontein were adjusted to reflect shortest distances via Google Maps.
- c. Using a. and b. above, RPK's were determined
- d. Using RPK's and the new payload of 32 tons, location differentials for 2021-22 were determined. You will recall that we do not use any rail rates in determining SUNS differentials.

As expected, the revised payload of 32 metric tons has led to an **average drop in differentials of -2.92%** when compared with last marketing season. We have also observed spikes in rates for some individual locations, and this is mainly due to adjustments in distances to Randfontein where some distances either dropped or increased substantially.

**PLEASE REVIEW THE ATTACHED SPREADSHEET WITH PROVISIONAL LOCATION DIFFERENTIALS AND REPORT ANY INACCURACIES IN WRITING BY NO LATER THAN CLOSE OF BUSINESS ON TUESDAY 23 FEBRUARY 2021 TO [commodities@jse.co.za](mailto:commodities@jse.co.za)**

The RPK and RLF used in this model are as follows:

	2021/22	2020/21		Load
KM	RPK	RPK	Distance	Factor
0-10 km	501.07	485.89	<325 km	2
11-20 km	236.02	173.24	326-350 km	1.9
21-30 km	121.03	118.33	351-375 km	1.8
31-40 km	91.70	88.60	375-400 km	1.7
41-50 km	64.44	55.72	>400 km	1.6
51-60 km	49.77	52.50		
61-70 km	42.98	38.76		
71-80 km	37.55	35.37		
81-90 km	34.79	31.65		
91-100 km	30.46	30.11		
101-110 km	29.24	27.95		
111-120 km	26.43	25.61		
121-130 km	23.63	23.29		
131-140 km	22.71	21.31		
141-150 km	21.78	20.22		
151-160 km	21.29	20.03		

161-170 km	21.07	19.78
171-180 km	20.96	19.52
181-190 km	20.50	19.24
191-200 km	20.01	19.13
201-210 km	20.65	19.26
211-220 km	20.40	19.10
221-230 km	20.24	19.04
231-240 km	20.00	18.91
241-250 km	19.85	18.87
251-260 km	19.72	18.70
261-270 km	19.50	18.66
271-280 km	19.89	18.57
281-290 km	19.50	18.46
291-300 km	18.91	18.42
301-310 km	19.04	18.41
311-320 km	18.98	18.38
321-330 km	18.74	18.38
331-340 km	19.10	18.38
341-350 km	18.51	18.38
351-360 km	19.11	18.11
361-370 km	18.85	18.11
371-380 km	18.85	18.11
381-390 km	18.85	18.11
391-400 km	18.85	18.11
401-410 km	18.85	18.11
411-420 km	18.85	18.11
421-430 km	18.85	18.11
>430 km	18.85	18.11

## 2. Standard Storage Rates for delivery in completion of a sunflower seed futures contract

The standard storage rate for the marketing season 1 March 2021 – 28 February 2022 will increase based on the PPI rate as published in December 2020, namely 3.0% and so the standard storage rate applied to outstanding storage in completion of a futures contract will increase to **R1.71 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 28 February 2021.

Should you have any queries regarding the proposed location differentials or process to determine the standard storage rates please contact Commodities team on 011 520 7039 or e-mail [commodities@jse.co.za](mailto:commodities@jse.co.za)

This Market Notice is available on the website at <https://clientportal.jse.co.za/communication/jse-market-notice>