
MARKET NOTICEJohannesburg
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Relates to:

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

Date: 19 April 2022**SUBJECT:** PROPOSED MAIZE LOCATION DIFFERENTIALS AND FINAL STORAGE RATES AND ORIGIN DISCOUNTS FOR 2022/23 MARKETING SEASON**Name and Surname:** Chris Sturgess**Designation:** Acting Head – Commodities

Dear Client,

Please feel free to distribute this notice to any interested parties.

1. Proposed Maize Location differentials

Following from the effort undertaken with the sunflower seed and soya location differentials earlier this year, the JSE has relied on the same updated distances to Randfontein and then maintained the principle that as the delivery points gets further away from the reference point the differential increases. This does mean at times the exact formula as described below is adjusted.

As a reminder of the formula please refer to the below:

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

Where: Distance is the most practical distance in km relied on by transporters to Randfontein,
RLF is the return load factor,
CPK is in cost per km and
Payload is in tons with 34 tons applied

This year the JSE received contributions from 9 different entities providing a more comprehensive data set to consider than previous years. We may have been slightly delayed in publishing these draft rates however each contribution played a valuable role in assisting the JSE decide on the final adjustments. From the data set the different CPK rates varied significantly amongst the various operators making the final decision more complex. **Let me again extend a sincere THANK YOU to each entity that took the effort to respond with their contributions.**

In considering the contributions, the JSE was comfortable around the sustainability of each transporter or entity that provided rates and then consolidated all the information to reach an average CPK for the various distance ranges. The result, based on the different contributions, was that the JSE adjusted the CPK from 6% up to 8,5% to align as close as possible to the average CPK that was calculated based on the contributions. The JSE appreciates the actual differential adjustments may differ from these percentages, the variation can be attributed to the following:

- Applying a more practical transport route and so the distances changed from the previous year.
- Distance adjustments may result in a different cpk range from the previous year, although the cpk range has been captured in 10km intervals to limit this impact.
- Where rail may have been more prominent in the calculation in the past, this is aligned to the principle that as the distance from the reference point increases, so does the differential.

By doing this the JSE recognizes that it has not aligned with the lowest CPK or highest CPK rates as provided, some contributors may feel that since their rates were not adopted this was not a useful exercise. I implore them to reconsider this sentiment, as each contribution provided valuable insights and assisted the JSE reach a proposed CPK that balanced out across the various contributions.

The CPK's that were used in the proposed maize differentials is as follows:

KM	CPK
0-10 km	447,47
11-20 km	193,85
21-30 km	129,50
31-40 km	72,76
41-50 km	63,24
51-60 km	46,02
61-70 km	40,18
71-80 km	35,95
81-90 km	32,61
91-100 km	30,61
101-110 km	29,35
111-120 km	26,99
121-130 km	25,74
131-140 km	24,31

141-150 km	24,10
151-160 km	23,86
161-170 km	23,45
171-180 km	22,63
181-190 km	22,62
191-200 km	22,62
201-210 km	22,37
211-220 km	22,19
221-230 km	21,85
231-240 km	21,85
241-250 km	21,45
251-260 km	21,36
261-270 km	21,18
271-280 km	20,96
281-290 km	20,89
291-300 km	20,60
301-310 km	20,44
311-320 km	20,35
321-330 km	20,18
331-340 km	20,01
341-350 km	20,01
351-360 km	20,01
361-370 km	20,01
371-280 km	20,00
381-390 km	20,00
391-400 km	19,72
401-410 km	19,52
411-420 km	19,42
421-430 km	19,32
>430 km	19,10

The RLF was applied from 301km using a sliding scale that ranged from 2 down to 1.2.

The JSE, guided by contributions from the Agricultural Advisory Committee, decided to EXCLUDE rail in the maize differential calculations this year. Storage Operators, like each year diligently provided the exact out loading statistics of rail versus road, this year we saw just over 7% of maize out loaded to rail trucks. In the absence of receiving comprehensive rail rates and with the low rail activity, the JSE made the final decision. This may change in years to come should the rail usage increase and rail rates be more accessible.

In reviewing the attached spreadsheet with proposed location differentials, the JSE would appreciate feedback in terms of identifying any gross in-accuracies and remains available on commodities@jse.co.za or 0826080241 to discuss any feedback. **Please provide this by close of business on Friday 22 April 2022 whereafter the final rates will be published.**

2. Final Standard Storage Rates for maize

The standard storage rate for the marketing season 1 May 2022 – 30 April 2023 will increase based on the PPI rate as published at the end of February 2022, namely 10.1% and so the standard storage rate applied to outstanding storage in completion of a futures contract will be **95 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 April 2022.

3. Origin discounts

The origin discounts have been determined as per the methodology agreed in the previous year. The discounts applicable to foreign product delivered in completion of a futures contract will be as follows for the 2022/23 marketing season:

WMAZ @ 7% of the average price = minus R244/t (previously R209/t)

YMAZ @ 4% of the average price = minus R145/t (previously R123/t)

To align with the deliverable wheat (code WEAT) contract, it was decided to define specific origins that would be accepted by the JSE should imported product be delivered onto the white and yellow maize contracts. The following origins were supported by the Agricultural Advisory Committee as they in essence encapsulate the potential origins that could have been considered in the past for delivery onto the JSE contract. The maize contracts therefore will move away from “any origin” but rather reflect the specific origins as described below:

White maize	Yellow maize
Southern Africa (Zambia, Malawi, Zimbabwe)	Southern Africa (Zambia, Malawi, Zimbabwe)
USA	USA
Mexico	South America
	Ukraine

We encourage market participants to consider the above and revert with any feedback prior to the start of the 2022 maize marketing season, following this the contract specifications will be updated with the specific origins.

Should you have any queries regarding this Market Notice please e-mail commodities@jse.co.za

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