

## Market Notice

**Number:** A1217A  
**Date:** 31 March 2010

### Location differentials and standardized storage rate for White and Yellow Maize - 2010/11 marketing season

The location differentials for white and yellow maize have been finalized for the 2010/2011 marketing season and are attached in excel format.

The same methodology as per the previous year was used whereby a combination of road and rail rates was considered when adjusting the location differentials. The new differentials also incorporated silo owner's feedback that confirmed the average percentage of product out loaded via rail and road across all registered delivery points. From the information provided it was decided to increase the road component by 9% and the rail component by 12%. The final percentage increase therefore varies depending on the rail vs road component for each silo owner. The differentials of last year formed the basis to which the percentage increase was applied except in a few instances where individual silos were tweaked to align to the grid.

AFGRI recently confirmed that due to cable theft Overvaal silo will no longer be accessible by rail and Transnet have confirmed this will not be repaired going forward. The full list of silos that are only accessible by road are identified with an asterisk in the attached spreadsheet. The differentials for these specific silos have been adjusted considering actual road rates as contributed by the transport companies.

NWK owned and operated Hibernia silo relies on the use of a private rail siding, please note that the final buyer moving product via rail will be billed an additional R5 per ton for this service. This cost which is unchanged from last year is included in the published differential should the buyer make use of rail to move the product.

Members and clients are again reminded that the published location differentials are indicative of transport costs for product from the registered silo to Randfontein, which is the basis for the standardized futures contract. It is impossible that this rate will be 100% accurate throughout the year as transport components change. Throughout each marketing season the basis value at each silo, created through supply and demand, must be considered before making physical delivery onto the exchange.

The standard storage rate for the marketing season 1 May 2010 – 30 April 2011 has been calculated based on the methodology as agreed by the APD Advisory Committee. The January 2010 PPI for domestic output released on the 25<sup>th</sup> February 2010 was up 2.7%. This rate, applied to the current storage rate, results in the



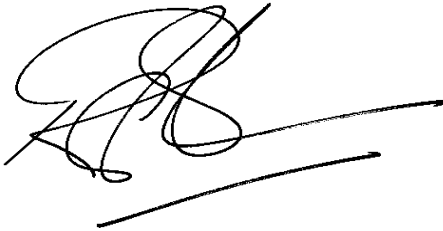
**JSE Limited Registration Number: 2005/022939/06**  
One Exchange Square, Gwen Lane, Sandown, South Africa.  
Private Bag X991174, Sandton, 2146, South Africa. Telephone:  
+27 11 520 7000, Facsimile: +27 11 520 8584, [www.jse.co.za](http://www.jse.co.za)

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maize standard storage rate increasing to **47 cents per ton per day** applied to all Safex silo receipts delivered in completion of a futures contract.

Please ensure that when making delivery of silo receipts issued in the previous marketing season, all storage is paid up to and including 30 April 2010.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

**Rod Gravelet-Blondin**

Designation	Senior General Manager
Division	Commodity Derivatives Division
Tel	+27 11 520-7258
Fax	+27 11 520-7558
E-mail address:	RodGB@jse.co.za

**Distributed by the Company Secretariat +27 11 520 7591**