JOHANNESBURG STOCK EXCHANGE
Commodity Derivatives

Market Notice

Number: **A1402A**
Date: **5 April 2011**

Location differentials, standard storage rate and reminder of possible storage penalties for White and Yellow Maize 2011/12 marketing season

The location differentials for white and yellow maize have been finalized for the 2011/2012 marketing season and are attached in excel format.

Similar to the adjustment for the sunflower seed differentials, the JSE applied the same methodology when finalizing the maize differentials for the new marketing season. The process relied on actual road and actual rail transport costs to Randfontein as supplied by market participants and logistic companies. These rates were then adjusted based on information supplied by silo owners to reflect the average rail vs road out loading across all their registered silos for the previous year. The information supplied by the silo owners confirmed that the use of rail trucks to move grain is shrinking year on year with an average across all silo owners of only 19% of grain moved via rail. Some silo owner reported 100% of physical grain moved by road.

Actual road rates provided indicated on average a 28% increase from existing differentials whilst rail rates on average are 12% up. These percentages were then applied based on the out loading ratio as supplied by the silo owner. The end result is an average increase of 24.13% across the 193 registered delivery points.

The silos that only have road access are identified in the attached spreadsheet with the published differentials reflecting road rates only. Market participants are also reminded of the additional R5 per ton included in the differential for Hibernia silo. This will be recouped from the final buyer who prefers to make use of rail and secures the rail trucks to out load 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. Through further refinements of the Safex silo receipt auction functionality the exchange aims to improve transparency to the basis trade for each silo based on product delivered in completion of a futures contract.

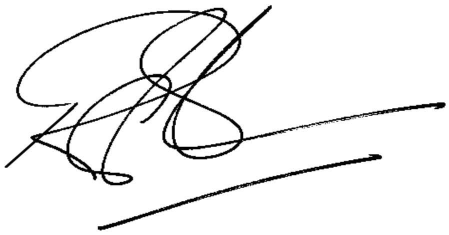
Members are also reminded of the cash settled crude oil contract available to both Commodity and Equity Derivatives participants should they wish to manage their exposure to the underlying fuel costs. Recently we saw the first call options traded on the market by a logistics company.

The standard storage rate for the marketing season 1 May 2011 – 30 April 2012 has been calculated based on the methodology as agreed by the APD Advisory Committee. The January 2011 PPI for domestic output was up 5.5%. This rate, applied to the current storage rate, results in the maize standard storage rate increasing to **50 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 2011. Market participants are also reminded of the changes made to the contract specifications in terms of outstanding storage and possible penalties as indicated in section 3.1.d (v):

3.1.d(v): All outstanding storage costs on a product deposited in a previous marketing season must be paid up to and including the last calendar day of the marketing season. If the outstanding storage is not paid up within one calendar month after the last calendar day of the marketing season, the silo owner reserves the right to apply a 10% penalty to the total outstanding storage amount.

If there are any questions regards the notice, please contact Chris Sturgess on 011 5207299.



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