

Market Notice

Number: A1769
Date 27 February 2013

Changes to the methodology to determine the base value for wheat grade discounts for the 2013/2014 marketing season.

Following extensive research and discussion at the Agricultural Advisory Committee which started late last year and was concluded in February this year, the Committee unanimously supported the proposed refinements to the methodology to include additional trading days into the benchmark calculation in order to consider a more representative average price for the season. Recognizing that the period referenced should be liquid enough, the final changes to the methodology to determine the base value for the wheat discounts for the market season commencing 1 October 2013 to 30 September 2014 will be as follows:

- a. An arithmetic average of the near dated December expiry daily mark-to-market (mtm) for the JSE wheat (WEAT) futures contract will be reference
- b. The rate will be finalized including mtm data on the 15th September each year (if this not a business day, the first business day prior)
- c. ~~65 trading days data trading data will be used, equivalent to 3 months~~ **A six month reference period will be applied commencing from and including 15th March each year (if this is not a business day, the first business day prior)**
- d. The December WEAT expiry is the only expiry month considered in the methodology
- e. Once the average futures price is calculated for the period, then 4% and 8% is applied to this value to determine the B2 and B3 wheat grade discounts for the next marketing season
- f. The final grade discount will be rounded off to the closest R5 interval

No further changes to the wheat contract were accepted by the Advisory Committee.

As confirmed via notice A1682 the origin discounts for the new marketing season remain unchanged as indicated below:

- Wheat from the following origins acceptable for delivery at a **ZERO** origin discount:
USA Hard Red Spring (Dark Northern Spring and Northern Spring wheat), No 3 or better
Canadian Red Western Spring wheat, Australian Hard, Australian Prime Hard, Australian Prime White and Australian Standard White wheat
- Wheat from the following origins acceptable for delivery at a **R100 per ton** discount:
Argentina, USA Hard Red Winter wheat and German Type A or B wheat

Should there be any further queries regarding the published market notice please contact me on the numbers below.





Chris Sturgess

Designation Director
Division Commodity Derivatives
Tel +27 11 520-7299
Fax +27 11 520-7558
E-mail address: chriss@jse.co.za

Distributed by the Company Secretariat +27 11 520 7346