

SA exchange resumes Cape-wheat contracts

The South African Futures Exchange plans to reintroduce contracts for wheat grown in the Western Cape Province, the area that produces 37 percent of the nation's grain, which may boost prices that farmers receive.

Speaking to Bloomberg, Chris Sturgess, general manager of commodities derivatives at the Johannesburg Stock Exchange, which runs Safex, said that trading will start in April or May for futures expiring in December.

Lead managing member for Grain SA in the region, Koos Blanckenberg, told Bloomberg that Cape farmers are very happy about the contract - it will be an opportunity to see if there will be a difference in pricing," he said, adding "It could be the same price, it could be cheaper, in which case it will bring extra money in the pocket." However, some growers in the province say they are disadvantaged by how transport costs are factored into contracts due to their distance from Randfontein in the northern Gauteng province, the point from which the so called location differential is calculated. Western Cape producers have as much as R415 a ton deducted from the amount they're paid, while farmers who are closer to Randfontein forfeit less.

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