

SD-025-2019/abg

16 October 2019

**OCTOBER 2019 RV PRICE for 2019/20 SEASON**

SASA has declared the OCTOBER 2019 RV price in respect of cane deliveries in SEPTEMBER 2019 as follows:

AVERAGE RV PRICE PER TON R 4 098.59

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9.5	389.37
10.0	409.86
10.5	430.35
11.0	450.85
11.5	471.34
12.0	491.83
12.5	512.32
13.0	532.82
13.5	553.31
14.0	573.80
14.5	594.30
15.0	614.79

Industry Average RV % Cane 12.21%  
"d" factor 0.389756  
SASRI Levy R 0.86

The RV price payable at the end of October 2019 in respect of cane deliveries in September 2019 was declared at R4 098.59 per ton of RV. This represents a recovery of R69.13 against the price last month, in respect of cane deliveries in August 2019. This welcome recovery in the price was due combined effect of the weaker weighted average R/\$ exchange rate (R15.09 vs. R14.84) and the firmer weighted average No.11 world market price (US13.36c/lb. vs. US12.74c/lb.), which together contributed to a significant increase in estimated export revenue (R270m) and a boost to the RV price. The other factor contributing to the improved price this month was the R24m reduction in the cost of rebates, which positively impacted on local market revenue. The upward adjustment to the sugar duty from R4018 to R4766 per ton, which triggered on 12 August 2019, still awaits gazetting. In the interim SASA Council has approved a 6.5% increase to the sugar notional price pending the gazetting of the duty change, which is imminent. The benefit of this notional sugar price increase is

expected to show in the RV price that is paid at the end of December 2019 (in respect of cane deliveries in November 2019).

The change in monthly RV input variables and corresponding changes in revenue are detailed in Table 2 below:

**Table 2: Change in RV price input variable and revenue**

<b>RV Price - Change in input variables</b>	<b>Latest</b>	<b>Difference</b>	<b>Previous</b>
Cane Production	19 870 906	-102 665	19 973 571
Sugar : RV Ratio	92.62%	-0.24%	92.86%
Gross Sugar Production	2 247 398	-1 388	2 248 786
LMDE	1 249 424	0	1 249 424
RV Tons	2 426 468	4 661	2 421 808
Sugar Notional Price - Refined	9 475	0	9 475
Sugar Notional Price - Brown	8 646	0	8 646
#11 World Price (wt avg)	13.36	0.62	12.74
R/US\$ Ex Rate (wt avg)	15.09	0.25	14.84
<b>RV Price</b>	<b>4 098.59</b>	<b>69.13</b>	<b>4 029.46</b>
<b>Change in Revenue</b>	<b>Latest</b>	<b>Difference</b>	<b>Previous</b>
Rebates	284 521 660	-23 871 162	308 392 822
Local Market Proceeds	11 133 085 541	23 871 162	11 109 214 379
Export Proceeds	4 445 091 943	270 633 214	4 174 458 729
Molasses Proceeds	744 470 123	-686 205	745 156 328
Industrial Costs	834 952 891	3 779 883	831 173 008
<b>Total Grower Revenue (64.3127% of NDP)</b>	<b>9 960 554 639</b>	<b>186 531 454</b>	<b>9 774 023 185</b>
Grower Levy - SASRI	15 445 592	0	15 445 592
<b>Net Grower Revenue for RV price</b>	<b>9 945 109 047</b>	<b>186 531 454</b>	<b>9 758 577 593</b>

Table 3 provides a range estimate for the estimate for the 2019/20 season.

From table 3 under a scenario of a 6.5% notional price increase effective on 6 November 2019, we can expect a final RV of around R4 170, within a range between R4 010 and R4 330.

**Table 3: RV Price Range Estimate – 2019/20**

		<b>Low Estimate</b>	<b>Most Likely Estimate</b>	<b>High Estimate</b>
Gross Sugar Production		2 300 000	2 240 000	2 200 000
RV % Cane		12.21%	12.21%	12.21%
Sugar : RV Ratio		92.62%	92.62%	92.62%
LMDE		1 200 000	1 240 000	1 300 000
Rebates (R)		284 521 660	284 521 660	284 521 660
No.11 (% exposure)		28.6%	21.4%	12.6%
No.11 (wt.avg)		13.10	13.36	13.53
R/\$ (% uncovered)		52.04%	52.04%	52.04%
R/\$ (wt. Avg.)		14.2280	14.7484	15.2688
<b>RV Price</b>		<b>4 010.59</b>	<b>4 169.99</b>	<b>4 330.84</b>
Notional Price Change 1	Nov-19	6.50%	6.50%	6.50%
Notional Price Change 2	Feb-20	0.00%	0.00%	0.00%
R/\$ Exchange Rate ( Uncovered)		13.50	14.50	15.50
No.11 price (unpriced)		12.00	12.70	13.50
Refined %		59.38%	59.38%	59.38%
<b>RV Price (No Notional Price change)</b>		<b>3 909.48</b>	<b>4064.34</b>	<b>4 220.46</b>