

SD-038-2020/abg

**21 October 2020**

**OCTOBER 2020 RV PRICE for 2020/21 SEASON**

AVERAGE RV PRICE PER TON **R 4 912,55**

<b>BASE PRICE OF CANE</b>	
<b>RV % CANE</b>	<b>AVG. PRICE Rand/Ton</b>
9,5	466,69
10,0	491,26
10,5	515,82
11,0	540,38
11,5	564,94
12,0	589,51
12,5	614,07
13,0	638,63
13,5	663,19
14,0	687,76
14,5	712,32
15,0	736,88

Industry Average RV % Cane	12,03%
"d" factor	0,430984
SASRI Extension Levy	R 0,84
SASRI Levy - LSG Research	R 0,80

The RV price payable at the end of OCTOBER 2020 in respect of 2020/2021 season cane deliveries up to the end of SEPTEMBER 2020 was declared at R4 912.55 per ton of RV. This represents an increase of R115.09 compared with the previous price (in respect of current season cane deliveries up to the end of August 2020.). The increase was driven by the 3% notional sugar price increase that was implemented with effect from 2 September 2020. Other positives factors were the higher weighted average No.11 world market price (US14.64c/lb. vs. US14.29c/lb) and the decline in sugar production which resulted in reduced export availability and therefore higher average proceeds.

These positives dominated the decline in sugar:RV ratio (93.31% vs. 93.64%) and firmer weighted average R/\$ exchange rate (R16.95 vs. R16.98). The ongoing positive trend in industry sales versus the estimates is an encouraging development and could lead to a further upward adjustment to the LMDE in the forthcoming November review.

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	18 958 520	-185 150	19 143 670
Sugar: RV Ratio	93,31%	-0,34%	93,64%
Gross Sugar Production	2 128 240	-33 823	2 162 063
LMDE	1 366 381	0	1 366 381
RV Tons	2 280 925	-27 868	2 308 793
#11 World Price (wt avg)	14,64	0,35	14,29
R/US\$ Ex Rate (wt avg)	16,95	-0,03	16,98
<b>RV Price</b>	<b>4 912,55</b>	<b>115,09</b>	<b>4 797,47</b>
<b>Change in Revenue</b>	<b>Latest</b>	<b>Difference</b>	<b>Previous</b>
Rebates	<b>242 267 115</b>	<b>-4 576 577</b>	<b>246 843 692</b>
Local Market Proceeds	13 331 208 418	256 413 769	13 074 794 649
Export Proceeds	4 096 293 275	-72 709 468	4 169 002 743
Molasses Proceeds	799 979 631	11 919 431	788 060 200
Industrial Costs	637 815 379	-4 980 264	642 795 643
<b>Total Grower Revenue (64.3127% of NDP)</b>	<b>11 312 389 090</b>	<b>129 013 846</b>	<b>11 183 375 244</b>
Grower Levy - Net	-107 222 199	-108 806	-107 113 393
<b>Net Grower Revenue for RV price</b>	<b>11 205 166 891</b>	<b>128 905 040</b>	<b>11 076 261 851</b>

Table 3 provides a range estimate for the final price for 2020/2021. The most likely estimate for 2020/2021 price is R4 969 within a range of a low of R4 771 and a high of R5 118.

**Table 3: Range estimate for 2020/2021 RV Price**

		<b>Low Estimate</b>	<b>Most Likely Estimate</b>	<b>High Estimate</b>
Gross Sugar Production		2 150 000	2 100 000	2 050 000
RV % Cane		12,03%	12,03%	12,03%
Sugar: RV Ratio		93,00%	93,20%	93,50%
LMDE		1 300 000	1 400 000	1 470 000
Rebates (R)		242 267 115	242 267 115	242 267 115
No.11 (% exposure)		21,7%	4,8%	-15,1%
No.11 (wt.avg)		14,56	14,66	14,47
R/\$ (% uncovered)		22,52%	22,52%	22,52%
R/\$ (wt. Avg.)		16,6819	16,9071	17,1322
<b>RV Price</b>		<b>4 771,08</b>	<b>4 969,67</b>	<b>5 118,24</b>
Notional Price Change 1	Sep-20	3,00%	3,00%	3,00%
Notional Price Change 2	Feb-21	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)		15,30	16,30	17,30
No.11 price (unpriced)		14,30	15,20	15,70
Refined %		61,33%	61,33%	61,33%
<b>RV Price (No Notional Price change)</b>		<b>3 971,03</b>	<b>4068,49</b>	<b>4 150,05</b>