

SD-040-2020/abg

**08 December 2020**

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

**AVERAGE RV PRICE PER TON R 4 992,56**

<b>BASE PRICE OF CANE</b>	
<b>RV % CANE</b>	<b>AVG. PRICE Rand/Ton</b>
9,5	474,29
10,0	499,26
10,5	524,22
11,0	549,18
11,5	574,14
12,0	599,11
12,5	624,07
13,0	649,03
13,5	674,00
14,0	698,96
14,5	723,92
15,0	748,88

Industry Average RV % Cane	12,20%
"d" factor	0,439179
SASRI Extension Levy	R 0,86
SASRI Levy - LSG Research	R 0,81

The RV price payable at the end of DECEMBER 2020 in respect of 2020/2021 season cane deliveries up to the end of NOVEMBER 2020 was declared at R4 992.56 per ton of RV. This represents a decrease of R16.30 compared with the previous price (in respect of current season cane deliveries up to the end of October 2020). The decrease was driven by a decline in RV ratio (92.44% vs 92.92%), the increase in RV% cane (12.20% vs 12.14%) and the lower weighted average No. 11 world market price (US14.53c/lb. vs. US14.56c/lb). The negatives were dominated by drop in sugar production and the consequent reduction in export revenue due to the need to buy back the over allocated export tonnage to service the expected increase in local market demand. The firmer weighted average R/\$ exchange rate (R17.07 vs. R17.03) also contributed to the price decline.

Based on the ongoing good sales performance and the possibility that the LMDE could be further increased in the January review, the most likely estimate of the final 2020/2021 price could exceed R5 000 per ton.

The changes 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	18 391 368	-103 112	18 494 480
Sugar: RV Ratio	92,44%	-0,48%	92,92%
Gross Sugar Production	2 074 157	-11 522	2 085 679
LMDE	1 433 063	0	1 433 063
RV Tons	2 243 813	-777	2 244 589
#11 World Price (wt avg)	14,53	-0,03	14,56
R/US\$ Ex Rate (wt avg)	17,07	0,04	17,03
<b>RV Price</b>	<b>4 992,56</b>	<b>-16,30</b>	<b>5 008,86</b>
<b>Change in Revenue</b>	<b>Latest</b>	<b>Difference</b>	<b>Previous</b>
Rebates	239 847 418	3 513 750	236 333 668
Local Market Proceeds	13 988 572 790	-3 513 750	13 992 086 540
Export Proceeds	3 427 898 886	-59 419 526	3 487 318 412
Molasses Proceeds	807 062 697	2 611 479	804 451 218
Industrial Costs	637 978 285	2 809 046	635 169 239
<b>Total Grower Revenue (64.3127% of NDP)</b>	<b>11 309 745 930</b>	<b>-40 601 150</b>	<b>11 350 347 080</b>
Grower Levy - Net	-107 378 338	-264 945	-107 113 393
<b>Net Grower Revenue for RV price</b>	<b>11 202 367 592</b>	<b>-40 866 095</b>	<b>11 243 233 687</b>

Table 3 provides a range estimate for the final price for 2020/2021. The most likely estimate for 2020/2021 price is R5 042 within a range of a low of R4 900 and a high of R5 127.

**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		2 115 000	2 065 000	2 015 000
RV % Cane		12,15%	12,20%	12,25%
Sugar: RV Ratio		92,00%	92,50%	93,00%
LMDE		1 400 000	1 450 000	1 480 000
Rebates (R)		239 847 418	239 847 418	239 847 418
No.11 (% exposure)		0,0%	0,0%	0,0%
No.11 (wt.avg)		13,82	14,94	15,71
R/\$ (% uncovered)		1,46%	1,46%	1,46%
R/\$ (wt. Avg.)		17,0628	17,0701	17,0774
<b>RV Price</b>		<b>4 899,68</b>	<b>5 041,59</b>	<b>5 126,91</b>
Notional Price Change 1	Sep-20	2,97%	2,97%	2,97%
Notional Price Change 2	Feb-22	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)		15,00	15,50	16,00
No.11 price (unpriced)		0,00	0,00	0,00
Refined %		60,18%	60,18%	60,18%
<b>RV Price (No Notional Price change)</b>		<b>3 971,03</b>	<b>4068,49</b>	<b>4 150,05</b>