

SD-039-2020/abg

17 November 2020

NOVEMBER 2020 RV PRICE for 2020/21 SEASON

AVERAGE RV PRICE PER TON R 5 008,86

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	475,84
10,0	500,89
10,5	525,93
11,0	550,98
11,5	576,02
12,0	601,06
12,5	626,11
13,0	651,15
13,5	676,20
14,0	701,24
14,5	726,29
15,0	751,33

Industry Average RV % Cane	12,14%
"d" factor	0,433987
SASRI Extension Levy	R 0,85
SASRI Levy - LSG Research	R 0,81

The RV price payable at the end of NOVEMBER 2020 in respect of 2020/2021 season cane deliveries up to the end of OCTOBER 2020 was declared at R5 008.86 per ton of RV. This represents an increase of R96.31 compared with the previous price (in respect of current season cane deliveries up to the end of September 2020.). The increase was driven by a 66 682 ton upward adjustment to the LMDE (1 433 063 vs 1 366 381), given the ongoing positive performance of sales against the estimate. The LMDE is scheduled to be revised again in January 2021 to include the impact of any further variances in sales performance. The current level of LMDE is aligned with the Master Plan objective of 150k local market growth in the 2020/2021 season.

Other positives factors were the weaker weighted average R/\$ exchange rate (R17.03 vs. R16.95) 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 (92.92% vs. 93.31%) and the lower weighted average No.11 world market price (US14.56c/lb. vs. US14.64c/lb).

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

RV Price - Change in input variables	Latest	Difference	Previous
Cane Production	18 494 480	-464 040	18 958 520
Sugar: RV Ratio	92,92%	-0,39%	93,31%
Gross Sugar Production	2 085 679	-42 561	2 128 240
LMDE	1 433 063	66 682	1 366 381
RV Tons	2 244 589	-36 335	2 280 925
#11 World Price (wt avg)	14,56	-0,09	14,64
R/US\$ Ex Rate (wt avg)	17,03	0,08	16,95
RV Price	5 008,86	96,31	4 912,55
Change in Revenue	Latest	Difference	Previous
Rebates	236 333 668	-5 933 447	242 267 115
Local Market Proceeds	13 992 086 540	660 878 122	13 331 208 418
Export Proceeds	3 487 318 412	-608 974 863	4 096 293 275
Molasses Proceeds	804 451 218	4 471 587	799 979 631
Industrial Costs	635 169 239	-2 646 140	637 815 379
Total Grower Revenue (64.3127% of NDP)	11 350 347 080	37 957 989	11 312 389 090
Grower Levy - Net	-107 503 925	-390 532	-107 113 393
Net Grower Revenue for RV price	11 242 843 155	37 567 457	11 205 275 697

Table 3 provides a range estimate for the final price for 2020/2021. The most likely estimate for 2020/2021 price is R5 083 within a range of a low of R4 803 and a high of R5 379.

Table 3: Range estimate for 2020/2021 RV Price

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		2 125 000	2 075 000	2 025 000
RV % Cane		12,10%	12,14%	12,20%
Sugar: RV Ratio		92,60%	93,00%	93,40%
LMDE		1 400 000	1 450 000	1 500 000
Rebates (R)		236 333 668	236 333 668	236 333 668
No.11 (% exposure)		0,0%	0,0%	0,0%
No.11 (wt.avg)		13,10	15,22	18,15
R/\$ (% uncovered)		3,74%	3,74%	3,74%
R/\$ (wt. Avg.)		17,0006	17,0193	17,0380
RV Price		4 803,54	5 083,82	5 379,21
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%
RV Price (No Notional Price change)		3 971,03	4068,49	4 150,05