

SD-07-2022/abg

**20 October 2022**

**OCTOBER RV PRICE for 2022/2023 SEASON**

**AVERAGE RV PRICE PER TON R 5 928,44**

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	563,20
10,0	592,84
10,5	622,49
11,0	652,13
11,5	681,77
12,0	711,41
12,5	741,05
13,0	770,70
13,5	800,34
14,0	829,98
14,5	859,62
15,0	889,27

Industry Average RV % Cane	<b>11,76%</b>
"d" factor	<b>0,467692</b>
SASRI Extension Levy	<b>R 1,07</b>
SASRI Levy - LSG Research	<b>R 0,91</b>

The RV price payable at the end of **OCTOBER 2022** in respect of 2022/2023 season cane deliveries up to the end of **SEPTEMBER 2022** was declared at **R5 928,44** per ton of RV. This represents an increase of **R127,18** when compared with the previous price (in respect of 2022/2023 season cane deliveries up to the end of August 2022). The increase was driven by the higher weighted average No.11 world market price (US22,16c/lb. vs. US21,45c/lb) and the weaker weighted average R/\$ exchange rate (R17,38 vs. R16,82).

The LMDE has been reduced by 112 489 tons, this reduction was an outcome of the decision taken in order to reduce SASA financial risk of funding an excessive carry over tonnage that is not in the correct form required by the local market. The 4% Notional price increase has limited the impact of reduction in local market revenue to R803 million.

Export market pricing and the weaker exchange rate were significant contributors to the R1,193 billion increase in export revenue. In particular, the allocation of 150 000 tons to the EU preferential market which is currently achieving good prices also helped to boost export revenue. It is difficult to determine whether this level of export revenue will be maintained throughout the season given the volatility of world market pricing, R/\$ exchange rate fluctuations and sensitivities associated with saleable sugar production.

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	18 286 487	-84 282	18 370 769
Sugar: RV Ratio	91,86%	-0,10%	91,96%
Gross Sugar Production	1 975 835	-5 143	1 980 978
LMDE	1 343 313	-112 489	1 455 802
RV Tons	2 151 024	-3 206	2 154 229
#11 World Price (wt avg)	22,16	0,71	21,45
R/US\$ Ex Rate (wt avg)	17,38	0,56	16,82
<b>RV Price</b>	<b>5 928,44</b>	<b>127,18</b>	<b>5 801,25</b>
<b>Change in Revenue</b>	<b>Latest</b>	<b>Difference</b>	<b>Previous</b>
Rebates	228 804 621	-3 838 358	232 642 979
Local Market Proceeds	14 524 953 598	-803 024 395	15 327 977 993
Export Proceeds	5 396 796 193	1 193 281 732	4 203 514 461
Molasses Proceeds	871 131 281	7 302 194	863 829 087
Industrial Costs	782 506 647	1 035 366	781 471 281
<b>Total Grower Revenue (64.3127% of NDP)</b>	<b>12 869 212 074</b>	<b>255 015 398</b>	<b>12 614 196 676</b>
Grower Levy - Net	-117 004 154	-20 244	-116 983 910
<b>Net Grower Revenue for RV price</b>	<b>12 752 207 920</b>	<b>254 995 154</b>	<b>12 497 212 766</b>

Table 3 provides a range estimate for the final price for 2022/2023. The most likely estimate for 2022/2023 price is **R5 914** within a range of a low of **R5 733** and a high of **R6 088**.

**Table 3: Range estimate for 2022/2023 RV Price**

		<b>Low Estimate</b>	<b>Most Likely Estimate</b>	<b>High Estimate</b>
Gross Sugar Production		1 975 000	1 925 000	1 875 000
RV % Cane		11,76%	11,76%	11,76%
Sugar: RV Ratio		91,50%	92,00%	92,50%
LMDE		1 300 000	1 343 313	1 400 000
Rebates (R)		228 804 621	228 804 621	228 804 621
No.11 (% exposure)		58,8%	52,2%	41,5%
No.11 (wt.avg)		20,82	21,64	22,42
R/\$ (% uncovered)		53,86%	53,86%	53,86%
R/\$ (wt. Avg.)		16,9632	17,2325	17,5018
<b>RV Price</b>		<b>5 732,85</b>	<b>5 913,77</b>	<b>6 088,03</b>
Notional Price Change 1	Sep-22	4,00%	4,00%	4,00%
Notional Price Change 2	Mar-23	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)		17,50	18,00	18,50
No.11 price (unpriced)		19,00	20,00	21,00
Refined %		60,92%	60,92%	60,92%