

SD-009-2021/abg

14 December 2021

DECEMBER RV PRICE for 2021/22 SEASON

AVERAGE RV PRICE PER TON R 5 360,19

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	509,22
10,0	536,02
10,5	562,82
11,0	589,62
11,5	616,42
12,0	643,22
12,5	670,02
13,0	696,83
13,5	723,63
14,0	750,43
14,5	777,23
15,0	804,03

Industry Average RV % Cane 12,04%
"d" factor 0,462614
SASRI Extension Levy R 0,98
SASRI Levy - LSG Research R 0,87

The RV price payable at the end of DECEMBER 2021 in respect of 2021/2022 season cane deliveries up to the end of NOVEMBER 2021 was declared at **R5 360.19** per ton of RV. This represents an increase of **R23.72** when compared with the previous price (in respect of 2021/2022 season cane deliveries up to the end of October 2021). The increase was driven by the weaker weighted average R/\$ exchange rate (R15.23 vs. R15.18) and the drop in RV tons by 24k.

The decline in cane production by 147k and sugar production by 35k resulted to the reduction of export revenue by R128m. Other negative factors were the lower weighted average No.11 world market price (US18.38c/lb. vs. US18.49c/lb) and the decline in sugar:RV ratio (89.70% vs. 90.37%).

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	17 249 327	-147 028	17 396 355
Sugar: RV Ratio	89,70%	-0,67%	90,37%
Gross Sugar Production	1 862 666	-35 634	1 898 300
LMDE	1 468 203	0	1 468 203
RV Tons	2 076 558	-24 137	2 100 695
#11 World Price (wt avg)	18,38	-0,11	18,49
R/US\$ Ex Rate (wt avg)	15,23	0,05	15,18
RV Price	5 360,19	23,72	5 336,48
Change in Revenue	Latest	Difference	Previous
Rebates	261 400 761	1 681 741	259 719 020
Local Market Proceeds	14 999 335 925	-1 681 740	15 001 017 665
Export Proceeds	2 411 762 398	-128 416 425	2 540 178 823
Molasses Proceeds	786 132 580	9 793 613	776 338 967
Industrial Costs	717 082 287	3 311 137	713 771 150
Total Grower Revenue (64.3127% of NDP)	11 241 955 540	-79 500 586	11 321 456 126
Grower Levy - Net	-111 200 507	-55 150	-111 145 357
Net Grower Revenue for RV price	11 130 755 033	-79 555 736	11 210 310 769

Table 3 provides a range estimate for the final price for 2021/2022. The most likely estimate for 2021/2022 price is **R5 391** within a range of a low estimate of **R5 328** and a high estimate of **R5 508**.

Table 3: Range estimate for 2021/2022 RV Price

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		1 860 000	1 850 000	1 800 000
RV % Cane		12,04%	12,04%	12,04%
Sugar: RV Ratio		89,40%	89,70%	90,00%
LMDE		1 450 000	1 468 203	1 500 000
Rebates (R)		261 400 761	261 400 761	261 400 761
No.11 (% exposure)		8,3%	8,3%	8,3%
No.11 (wt.avg)		18,71	18,71	18,71
R/\$ (% uncovered)		46,98%	46,98%	46,98%
R/\$ (wt. Avg.)		15,0674	15,0674	15,0674
RV Price		5 328,71	5 391,39	5 508,88
Notional Price Change 1	Sep-21	2,40%	2,40%	2,40%
Notional Price Change 2	Mar-22	2,20%	2,20%	2,20%
R/\$ Exchange Rate (Uncovered)		15,50	15,76	16,00
No.11 price (unpriced)		19,00	20,00	20,50
Refined %		60,87%	60,87%	60,87%

Table 4 provide the range estimate for the opening RV Price for the 2022/2023 season. The most likely estimate is **R5 624**, within a range of low estimate of **R5 425** and the high estimate of **R5 827**.

Table 4: Opening RV price for 2022/2023season

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		2 200 000	2 100 000	1 900 000
RV % Cane		11,80%	12,00%	12,30%
Sugar: RV Ratio		91,50%	92,00%	92,50%
LMDE		1 450 000	1 500 000	1 550 000
Rebates (R)		260 000 000	260 000 000	260 000 000
RV Price		5 425,68	5 624,43	5 827,93
Notional Price Change 1	Sep-22	0,00%	0,00%	0,00%
Notional Price Change 2	Mar-23	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)		14	15	16
No.11 price (unpriced)		18	19	20
Molasses Price Increase %		0,00%	0,00%	0,00%