

SD-0010-2021/abg

24 January 2022

JANUARY 2022 RV PRICE for 2021/22 SEASON

AVERAGE RV PRICE PER TON R 5 329,42

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	506,29
10,0	532,94
10,5	559,59
11,0	586,24
11,5	612,88
12,0	639,53
12,5	666,18
13,0	692,82
13,5	719,47
14,0	746,12
14,5	772,77
15,0	799,41

Industry Average RV % Cane 12,08%
"d" factor 0,461401
SASRI Extension Levy R 0,98
SASRI Levy - LSG Research R 0,88

The RV price payable at the end of JANUARY 2022 in respect of 2021/2022 season cane deliveries up to the end of DECEMBER 2021 was declared at **R5 329.42** per ton of RV. This represents a decrease of **R30.77** when compared with the previous price (in respect of 2021/2022 season cane deliveries up to the end of November 2021). The decrease was driven by the lower weighted average No.11 world market price (US18.26c/lb. vs. US18.38c/lb), the firmer weighted average R/\$ exchange rate (R15.19 vs. R15.23) and the decline in sugar: RV ratio (88.91% vs. 89.70%). The decline in cane production by 50k and sugar production by 15k resulted to the reduction of export revenue by R115m.

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	17 199 063	-50 264	17 249 327
Sugar : RV Ratio	88,91%	-0,79%	89,70%
Gross Sugar Production	1 847 312	-15 354	1 862 666
LMDE	1 468 203	0	1 468 203
RV Tons	2 077 807	1 249	2 076 558
#11 World Price (wt avg)	18,26	-0,11	18,38
R/US\$ Ex Rate (wt avg)	15,19	-0,04	15,23
RV Price	5 329,42	-30,77	5 360,19
Change in Revenue	Latest	Difference	Previous
Rebates	257 776 090	-3 624 671	261 400 761
Local Market Proceeds	15 002 960 596	3 624 672	14 999 335 924
Export Proceeds	2 296 760 990	-115 001 408	2 411 762 398
Molasses Proceeds	802 424 236	16 291 656	786 132 580
Industrial Costs	711 160 711	-5 921 576	717 082 287
Total Grower Revenue (64.3127% of NDP)	11 184 612 083	-57 343 456	11 241 955 538
Grower Levy - Net	-111 104 014	96 493	-111 200 507
Net Grower Revenue for RV price	11 073 508 069	-57 246 963	11 130 755 031

Table 3 provides a range estimate for the final price for 2021/2022. The most likely estimate for 2021/2022 price is **R5 348** within a range of a low estimate of **R5 311** and a high estimate of **R5 371**.

Table 3: Range estimate for 2021/2022 RV Price

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		1 847 312	1 847 312	1 847 312
RV % Cane		12,08%	12,08%	12,08%
Sugar: RV Ratio		88,91%	88,91%	88,91%
LMDE		1 448 000	1 468 203	1 480 000
Rebates (R)		257 776 090	257 776 090	257 776 090
No.11 (% exposure)		8,3%	8,3%	8,3%
No.11 (wt.avg)		18,19	18,36	18,47
R/\$ (% uncovered)		2,21%	2,21%	2,21%
R/\$ (wt. Avg.)		15,1793	15,1877	15,2037
RV Price		5 311,18	5 348,27	5 370,89
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)		15,00	15,38	16,10
No.11 price (unpriced)		18,00	19,00	20,00
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 597**, within a range of low estimate of **R5 394** and the high estimate of **R5 810**.

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		5 394,79	5 597,33	5 810,15
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)		17,5	18,5	19,5
Molasses Price Increase %		0,00%	0,00%	0,00%