

SD-0011-2022/abg

18 February 2022

FEBRUARY 2022 RV PRICE for 2021/22 SEASON

AVERAGE RV PRICE PER TON

R 5 320,99

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	505,49
10,0	532,10
10,5	558,70
11,0	585,31
11,5	611,91
12,0	638,52
12,5	665,12
13,0	691,73
13,5	718,33
14,0	744,94
14,5	771,54
15,0	798,15

Industry Average RV % Cane	12,09%
"d" factor	0,461586
SASRI Extension Levy	R 1,01
SASRI Levy - LSG Research	R 0,90

The RV price payable at the end of **FEBRUARY 2022** in respect of 2021/2022 season cane deliveries up to the end of JANUARY 2022 was declared at **R5 320.99** per ton of RV. This represents a decrease of **R8.43** when compared with the previous price (in respect of 2021/2022 season cane deliveries up to the end of December 2021). The decrease was driven by the decline in Sugar: RV Ratio (88,64% vs 88,91%), the increase in RV% cane (12,09% vs 12,08%) and the decline in sugar production which resulted to the reduction of export revenue by R28m.

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	17 199 105	42	17 199 063
Sugar : RV Ratio	88,64%	-0,27%	88,91%
Gross Sugar Production	1 842 506	-4 806	1 847 312
LMDE	1 468 203	0	1 468 203
RV Tons	2 078 642	835	2 077 807
#11 World Price (wt avg)	18,26	0,00	18,26
R/US\$ Ex Rate (wt avg)	15,19	0,00	15,19
RV Price	5 320,99	-8,43	5 329,42
Change in Revenue	Latest	Difference	Previous
Rebates	257 776 090	0	257 776 090
Local Market Proceeds	15 002 960 596	1	15 002 960 595
Export Proceeds	2 268 696 000	-28 064 990	2 296 760 990
Molasses Proceeds	810 040 564	7 616 328	802 424 236
Industrial Costs	711 042 470	-118 241	711 160 711
Total Grower Revenue (64.3127% of NDP)	11 171 537 040	-13 075 041	11 184 612 081
Grower Levy - Net	-111 104 057	-43	-111 104 014
Net Grower Revenue for RV price	11 060 432 983	-13 075 084	11 073 508 067

Table 3 provides a range estimate for the final price for 2021/2022. The most likely estimate for 2021/2022 price is **R5 342** within a range of a low estimate of **R5 311** and a high estimate of **R5 361**.

Table 3: Range estimate for 2021/2022 RV Price

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		1 842 506	1 842 506	1 842 506
RV % Cane		12,09%	12,09%	12,09%
Sugar: RV Ratio		88,64%	88,64%	88,64%
LMDE		1 450 000	1 468 203	1 480 000
Rebates (R)		257 776 090	257 776 090	257 776 090
No.11 (% exposure)		19,2%	15,3%	12,5%
No.11 (wt.avg)		18,20	18,36	18,46
R/\$ (% uncovered)		0,56%	0,56%	0,56%
R/\$ (wt. Avg.)		15,1838	15,1856	15,1899
RV Price		5 311,44	5 341,57	5 360,91
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	15,32	16,10
No.11 price (unpriced)		18,00	19,00	20,00
Refined %		61,63%	60,87%	60,38%

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 395** and the high estimate of **R5 810**.

Table 4: Opening RV price for 2022/2023 season

		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%