

SD-05-2022/abg

18 August 2022

AUGUST RV PRICE for 2022/2023 SEASON

AVERAGE RV PRICE PER TON R 5 742,16

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	545,51
10,0	574,22
10,5	602,93
11,0	631,64
11,5	660,35
12,0	689,06
12,5	717,77
13,0	746,48
13,5	775,19
14,0	803,90
14,5	832,61
15,0	861,32

Industry Average RV % Cane	11,72%
"d" factor	0,474833
SASRI Extension Levy	R 1,07
SASRI Levy - LSG Research	R 0,89

The RV price payable at the end of **AUGUST 2022** in respect of 2022/2023 season cane deliveries up to the end of **JULY 2022** was declared at **R5 742,16** per ton of RV. This represents a decrease of **R95,42** when compared with the previous price (in respect of 2022/2023 season cane deliveries up to the end of June 2022). The decrease was driven by the firmer weighted average R/\$ exchange rate (R16.25 vs R16,67), the lower weighted average No.11 world market price (US21.41c/lb. vs. US21.74c/lb) and the lower volume of cane estimate by 203 917 tons which yielded a decrease of 28 482 tons in sugar production and resulted to the decrease in export revenue by R398 million.

The next notional price increase of 4% will be effective from the 31 August 2022, it will be brought into account in the RV price payable at the end of October 2022.

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	18 362 378	-203 917	18 566 295
Sugar: RV Ratio	91,72%	-0,96%	92,68%
Gross Sugar Production	1 973 349	-28 482	2 001 831
LMDE	1 455 802	0	1 455 802
RV Tons	2 151 493	-8 346	2 159 840
#11 World Price (wt avg)	21,41	-0,33	21,74
R/US\$ Ex Rate (wt avg)	16,25	-0,42	16,67
RV Price	5 742,16	-95,42	5 837,58
Change in Revenue	Latest	Difference	Previous
Rebates	232 642 979	-10 819 952	243 462 931
Local Market Proceeds	15 327 977 994	10 819 953	15 317 158 041
Export Proceeds	3 997 646 458	-398 486 200	4 396 132 658
Molasses Proceeds	845 444 178	-7 072 002	852 516 180
Industrial Costs	779 545 454	152 595	779 392 859
Total Grower Revenue (64.3127% of NDP)	12 471 212 127	-253 964 963	12 725 177 089
Grower Levy - Net	-116 993 152	-49 791	-116 943 361
Net Grower Revenue for RV price	12 354 218 975	-254 014 754	12 608 233 728

Table 3 provides a range estimate for the final price for 2022/2023. The most likely estimate for 2022/2023 price is **R5 887** within a range of a low of **R5 711** and a high of **R6 057**.

Table 3: Range estimate for 2022/2023 RV Price

		Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production		2 000 000	1 950 000	1 900 000
RV % Cane		11,72%	11,72%	11,72%
Sugar: RV Ratio		91,00%	91,70%	92,50%
LMDE		1 445 000	1 485 000	1 520 000
Rebates (R)		232 642 979	232 642 979	232 642 979
No.11 (% exposure)		53,5%	44,5%	32,0%
No.11 (wt.avg)		20,96	21,66	22,42
R/\$ (% uncovered)		53,29%	53,29%	53,29%
R/\$ (wt. Avg.)		15,8345	16,1010	16,3674
RV Price		5 711,37	5 887,30	6 056,92
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)		15,50	16,00	16,50
No.11 price (unpriced)		18,50	19,00	19,50
Refined %		60,03%	60,03%	60,03%