

SD-04-2023_2024

20 July 2023

JULY RV PRICE for 2023/2024 SEASON

AVERAGE RV PRICE PER TON R 7 222,95

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	686,18
10,0	722,29
10,5	758,41
11,0	794,52
11,5	830,64
12,0	866,75
12,5	902,87
13,0	938,98
13,5	975,10
14,0	1011,21
14,5	1047,33
15,0	1083,44

Industry Average RV % Cane	11,97%
"d" factor	0,486630
SASRI Extension Levy	R 1,20
SASRI Levy - LSG Research	R 0,93

The RV price payable at the end of **JULY 2023** in respect of **2023/2024** season cane deliveries up to the end of **JUNE 2023** was declared at **R7 222,95** per ton of RV. This represents an increase of **R457,89** when compared with the previous month declared RV price of **R6 765,05**. The increase was driven by the Notional Price increase of refined sugar by 14,15% and brown sugar by 13,4% effective 07 June 2023. This notional price increase was implemented to address significant cost pressures that continue to threaten the sustainability of the Sugar Industry.

During the formulation of the Sugar Masterplan, the industry committed to restrain notional price increases for sugar at or below consumer price inflation for a period of three years. The industry did not anticipate that there will be significant cost increases in key inputs such as chemicals, fertilizer, fuel/transport, and labour making it harder for growers to break even.

Phase 1 of the Sugar Masterplan expired on the 31st of March 2023. During Phase 1 of the Sugar Masterplan the RV Price only increased by 28,8% (2019/2020 season final RV Price vs 2022/2023 season final RV Price) and the notional price only increased by 17,8% (March 2019 vs March 2023) while on average fertilizer prices skyrocketed by 153%, chemical prices at 93% and diesel prices at 53,8% (March 2019 vs March 2023). Based on the above-mentioned challenges, SASA council agreed to adjust notional prices of sugar using Producer Price Index (PPI) inflation, effective from the 7th of June 2023. The notional price increase dominated lower weighted average No.11 world market price (US26,00c/lb. vs. US26,64c/lb).

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	18 573 789	381	18 573 408
Sugar: RV Ratio	92,39%	-0,26%	92,65%
Gross Sugar Production	2 054 301	3 406	2 050 895
LMDE	1 513 668	0	1 513 668
RV Tons	2 223 494	9 974	2 213 520
#11 World Price (wt avg)	26,00	-0,64	26,64
R/US\$ Ex Rate (wt avg)	18,67	0,01	18,67
RV Price	7 222,95	457,89	6 765,05
Change in Revenue	Latest	Difference	Previous
Rebates	202 414 722	-3 632 173	206 046 895
Local Market Proceeds	19 015 580 834	1 844 746 655	17 170 834 179
Export Proceeds	6 021 535 443	-111 485 880	6 133 021 323
Molasses Proceeds	961 497 601	1 538 920	959 958 681
Industrial Costs	751 322 171	-34 179 437	785 501 608
Total Grower Revenue (64.3127% of NDP)	16 237 214 973	1 137 678 242	15 099 536 730
Grower Levy - Net	-177 018 050	-52 057 615	-124 960 435
Net Grower Revenue for RV price	16 060 196 923	1 085 620 627	14 974 576 295

Table 3 provides a range estimate for the final price for 2023/2024. The most likely estimate for 2023/2024 price is:

R7 227 within a range of a low of **R7 095** and a high of **R7 360**.

Table 3: Range estimate for 2023/2024 RV Price

	Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production	2 100 000	2 060 000	2 000 000
RV % Cane	11,97%	11,97%	11,97%
Sugar: RV Ratio	92,00%	92,40%	92,80%
LMDE	1 465 000	1 515 000	1 565 000
Rebates (R)	202 414 722	202 414 722	202 414 722
No.11 (% exposure)	81,3%	78,2%	72,7%
No.11 (wt.avg)	25,55	26,11	26,76
R/\$ (% uncovered)	72,65%	72,65%	72,65%
R/\$ (wt. Avg.)	18,5002	18,6454	18,7907
RV Price	7 094,75	7 227,26	7 360,36
Notional Price Change 1	13,85%	13,85%	13,85%
Notional Price Change 2	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)	18,00	18,20	18,40
No.11 price (unpriced)	24,50	25,00	25,50
Refined %	59,79%	59,79%	59,79%