

SD-12-2023_2024

20 March 2024

FINAL RV PRICE for 2023/2024 SEASON

AVERAGE RV PRICE PER TON R 7 429,76

BASE PRICE OF CANE	
RV % CANE	AVG. PRICE Rand/Ton
9,5	705,83
10,0	742,98
10,5	780,12
11,0	817,27
11,5	854,42
12,0	891,57
12,5	928,72
13,0	965,87
13,5	1003,02
14,0	1040,17
14,5	1077,31
15,0	1114,46

Industry Average RV % Cane	12,05%
"d" factor	0,504705
SASRI Extension Levy	R 1,2180
SASRI Levy - LSG Research	R 0,9758

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	2023/2024 Season	Difference	2022/2023 Season
Cane Production	17 943 532	32 123	17 911 409
Sugar: RV Ratio	92,74%	2,41%	90,33%
Gross Sugar Production	2 005 208	78 733	1 926 474
LMDE	1 510 901	261 225	1 249 676
RV Tons	2 162 198	29 480	2 132 718
#11 World Price (wt avg)	27,56	3,68	23,88
R/US\$ Ex Rate (wt avg)	19,31	1,90	17,41
RV Price	7 429,76	1 994,69	5 435,07
Change in Revenue	Latest	Difference	Latest
Rebates	219 229 642	29 759 434	189 470 208
Local Market Proceeds	18 969 431 998	5 391 314 504	13 578 117 494
Export Proceeds	6 078 645 467	-148 069 589	6 226 715 056
Molasses Proceeds	951 471 348	56 700 718	894 770 630
Industrial Costs	744 535 039	-1 749 307 990	2 493 843 029
Total Grower Revenue (64.3127% of NDP)	16 242 181 243	4 533 565 336	11 708 615 908
Grower Levy - Net	-177 578 672	-60 430 930	-117 147 742
Net Grower Revenue for RV price	16 064 602 570	4 473 134 405	11 591 468 166

The above table (**Table 2**) illustrates significant changes in the RV Price input variables, this table compares 2023/24 final RV Price with the final RV Price of 2022/23 season. The final RV price for 2023/2024 season was declared at **R7 429,76** per ton of RV. This represents an increase of **R1 994,86 (36,7%)** when compared with the previous season (2022/2023) declared final RV price of **R5 435,07**.

The increase was driven by the following:

- (a) higher sugar: RV ratio (92,74 % vs 90,33%),
- (b) the weaker weighted average R/\$ exchange rate (R19,31 vs R17,41),
- (c) the higher weighted average No.11 world market price (US27,56c/lb. vs. US23,88c/lb),
- (d) Local Market Demand Estimate (LMDE) increase (1 510 901 vs 1 249 676),
- (e) the higher sugar production (2 005 208 vs 1 926 474),

(f) the Notional price increase of 13,85% implemented 07 June 2023 and 5,2% implemented 06 March 2024,

(g) the increase in Local Market proceeds by R5,3 billion.

The approved LMDE for 2024/2025 season is **1 487 130**, this will be closely monitored and adjusted accordingly based on the sales performance and local market dynamics.

Table 3 provides a range estimate of the opening RV price for 2024/2025 season. The most likely estimate of the opening price for 2024/2025 price is: **R7 540** within a range of a low of **R7 460** and a high of **R7 583**.

Opening RV Price forecast for 2024/2025 season

	Low Estimate	Most Likely Estimate	High Estimate
Gross Sugar Production	2 050 000	2 000 000	1 950 000
RV % Cane	11,80%	12,00%	12,20%
Sugar: RV Ratio	92,00%	92,50%	93,00%
LMDE	1 460 000	1 487 130	1 500 000
Rebates (R)	250 000 000	225 000 000	200 000 000
RV Price	7 459,97	7 539,92	7 582,63
Notional Price Change 1	5,20%	5,20%	5,20%
Notional Price Change 2	0,00%	0,00%	0,00%
R/\$ Exchange Rate (Uncovered)	17,5	18	18,5
No.11 price (unpriced)	21	22	23
Molasses Price Increase %	5,2%	5,2%	5,2%