

# SUGARCANE

2020/2021 OUTLOOK SUMMARY

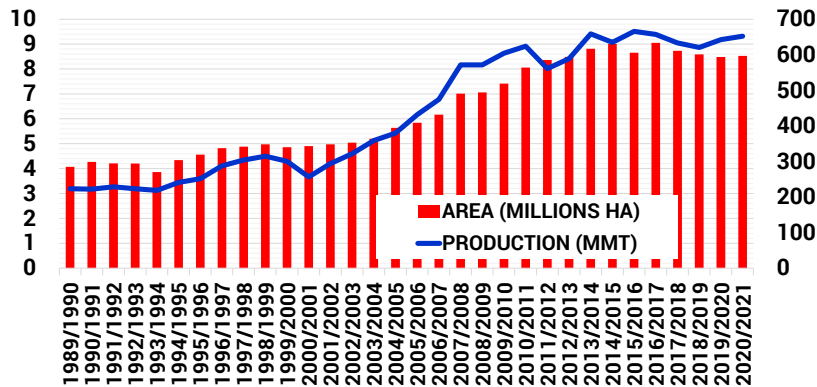


FEBRUARY/2020

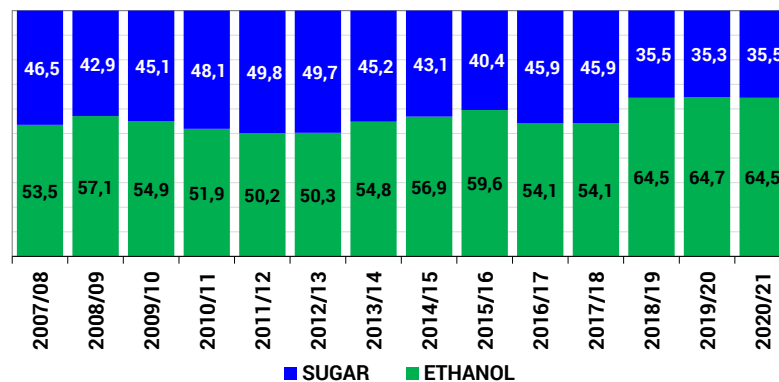


- The 2020/2021 Brazilian sugarcane season - which will start on 04/01/2020 - should have production slightly above the current one.
- In the 2019/2020 season, between April 2019 and January 2020, sugarcane crushing in the Center-South of Brazil reached 578.8 MMT, an increase of 2.7% over the same period of the previous season.
- In the 2019/2020 harvest, the sucrose content in sugarcane is 139.19 kg of Total Recoverable Sugar per ton processed (TRS / t), with a slight increase of 0.5% over 2018/2019 season, and in this month of February, only 2 mills are processing sugarcane.
- Accumulated through the 2019/2020 harvest, between April 2019 and January 2020, 32.308 billion liters of ethanol were produced, an increase of 6.7% over the same period of the previous season.
- Of the total volume of ethanol produced in the 2019/2020 harvest, 22.42 billion liters were of hydrous, up 6.2%, and 9.88 billion liters of anhydrous, an increase of 7.6% compared to the same past harvest period.
- 26.485 MMT of sugar were produced in the 2019/2020 harvest, a slight increase of 0.5% compared to the same period of the previous season (2018/2019), keeping the profile in the current cycle, with 64.7% milling targeting ethanol production.

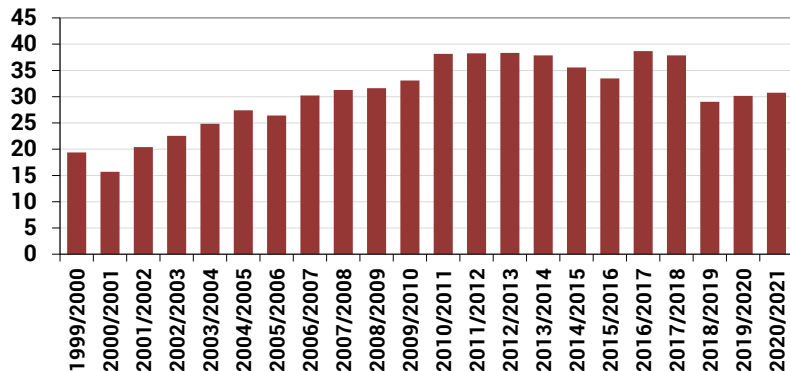
## SUGARCANE: BRAZIL AREA AND PRODUCTION



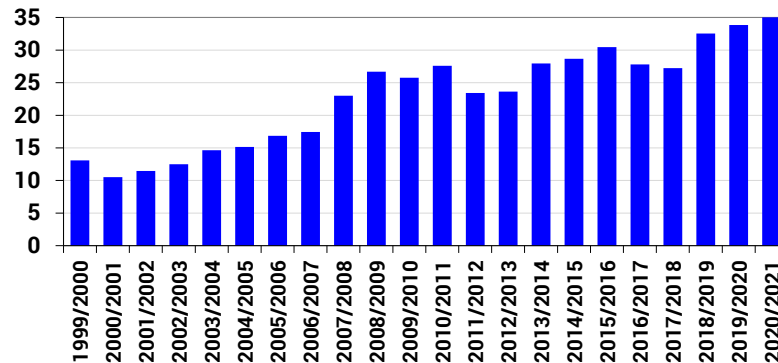
## SUGARCANE: BRAZIL MIX EVOLUTION (%)



## SUGAR: BRAZIL PRODUCTION - MMT



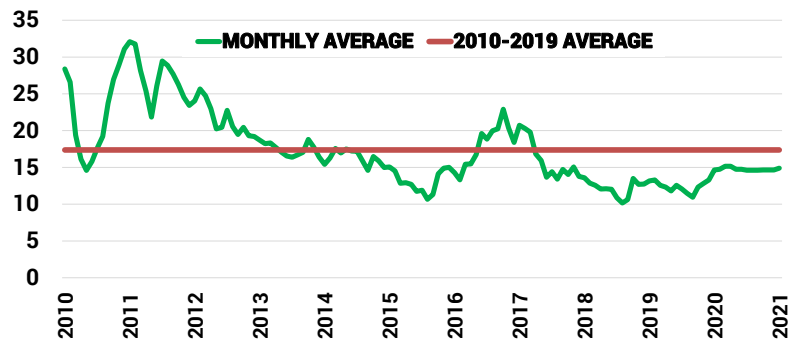
## ETHANOL: BRAZIL PRODUCTION - BILLION L



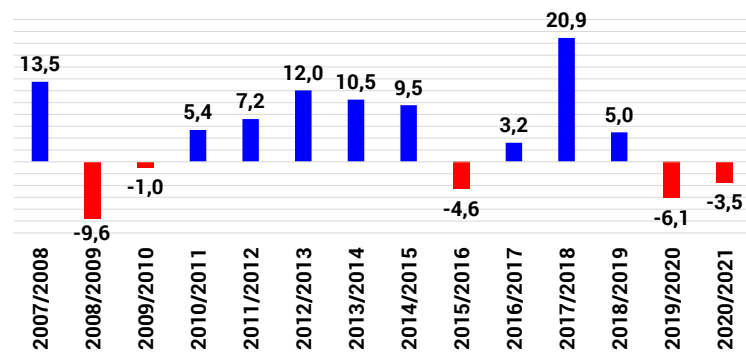
- The trend is upward in global sugar prices, given the global deficit estimates for the current 2019/2020 season.
- Thailand, world's 2nd largest exporter, is facing a prolonged drought and is expected to produce 30% less than last season 2018/2019.
- The forecast is a deficit of 6.1 MMT in 2019/2020 (October 2019 to September 2020).
- On the New York Stock Exchange, future quotes fluctuate between 15.00 ¢ and 15.60 ¢ per pound for contracts maturing in 2020, against the average of 12.35 ¢ in 2019.
- In the wholesale of São Paulo, due to rising future prices and the U\$ around R\$ 4.40, prices continue in an upward trend, with the CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) quoted above of R\$ 80 per 50 kg, accumulating a nominal increase of 5.5% in the last 30 days and 20.4% in 12 months.
- Spot market sugar sales already earn only 1.5% more than export sales.
- Mills are turning their attention to the global market higher prices, further restricting the volumes offered on the spot market, aiming to redirect the volumes of sugar they still have in stock for export, instead of selling them locally.

## RAW SUGAR: FUTURES AT ICE US (NEW YORK)

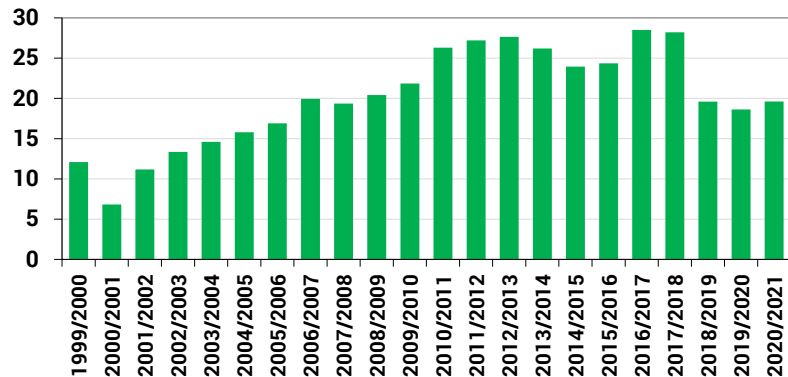
¢ PER POUND



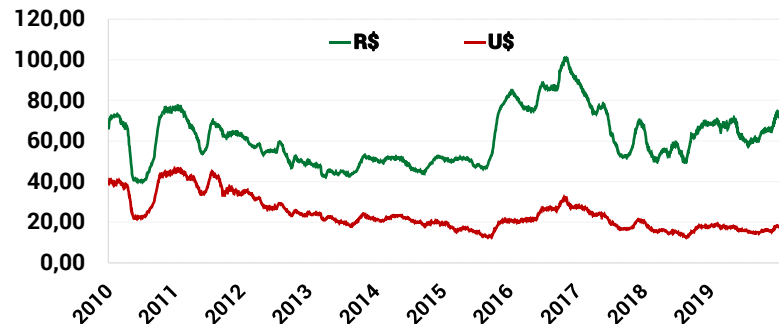
## SUGAR: GLOBAL SURPLUS/DEFICIT - MMT



## SUGAR: BRAZIL EXPORTS - MMT

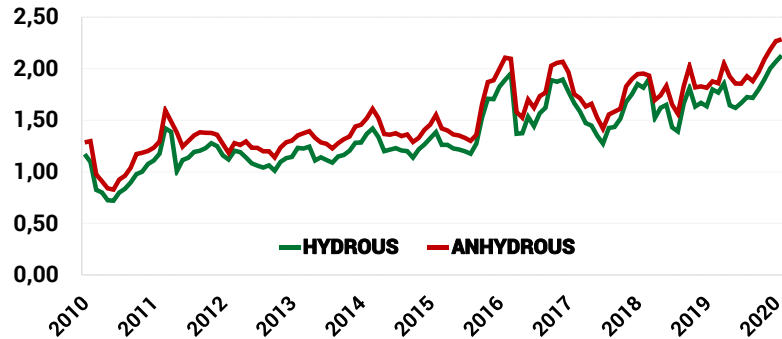


## GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG

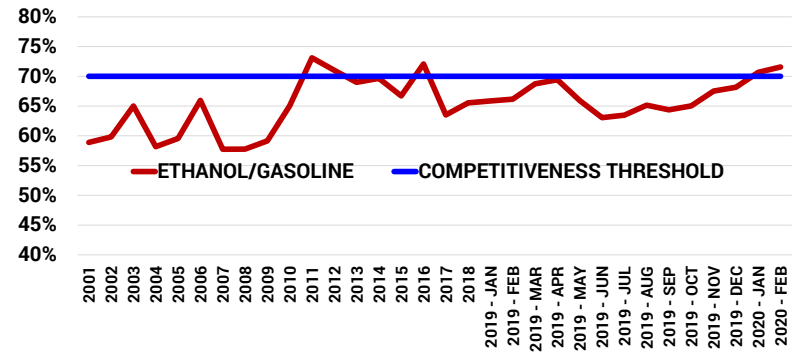


- The hydrous ethanol is quoted, FOB São Paulo plants, at R\$ 2.12 / l on average (without ICMS neither PIS / Cofins), accumulating an increase of 2.9% in the last 30 days, while anhydrous is quoted at R\$ 2.28 / l (without PIS / Cofins), with an accumulated increase of 0.8% in the same period.
- In the last 12 months, the average price of hydrous ethanol in the plants has accumulated a significant nominal increase of 18.3%, while anhydrous ethanol rose 21.7% in the same period.
- In January and February 2020, hydrous ethanol ceased to be competitive with gasoline (São Paulo) for the first time since 2016.
- In São Paulo, negotiations are slow at the spot market, but even so, the volume of hydrous ethanol sold by the plants in the last seven days is 4% higher than in the same week of 2019.
- Many buyers had already stocked up earlier this month and therefore reduced the pace of shopping in the week before Carnival holiday.
- On the seller side, the mills remain steady in prices, based on the current off-season.
- Petrobras announced on February 19 a 3% increase in the average price of gasoline – which was the first change in 2020 - helping to support hydrous prices.

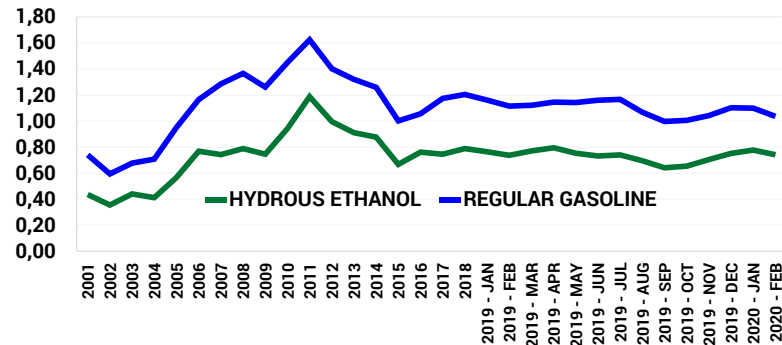
## ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



## HYDROUS ETHANOL COMPETITIVENESS IN RELATION TO GASOLINE - BRAZIL AVERAGE



## HYDROUS ETHANOL X REGULAR GASOLINE BRAZIL AVERAGE - U\$/L



## ETHANOL AVERAGE PRICES - FOB SÃO PAULO PLANTS

HARVEST	ANHYDROUS ETHANOL		HYDROUS ETHANOL	
	R\$/L	U\$/L	R\$/L	U\$/L
2013/2014	1,37	0,61	1,21	0,54
2014/2015	1,40	0,57	1,25	0,51
2015/2016	1,74	0,50	1,58	0,46
2016/2017	1,79	0,54	1,63	0,50
2017/2018	1,71	0,53	1,58	0,49
2018/2019	1,80	0,48	1,63	0,43
2019/2020	2,03	0,50	1,83	0,45
<b>30 DAYS CHANGE</b>	<b>0,8%</b>	<b>-3,9%</b>	<b>2,9%</b>	<b>-2,0%</b>
<b>12 MO CHANGE</b>	<b>21,7%</b>	<b>4,0%</b>	<b>18,3%</b>	<b>1,1%</b>



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