

SUGARCANE

2021/2022 OUTLOOK SUMMARY

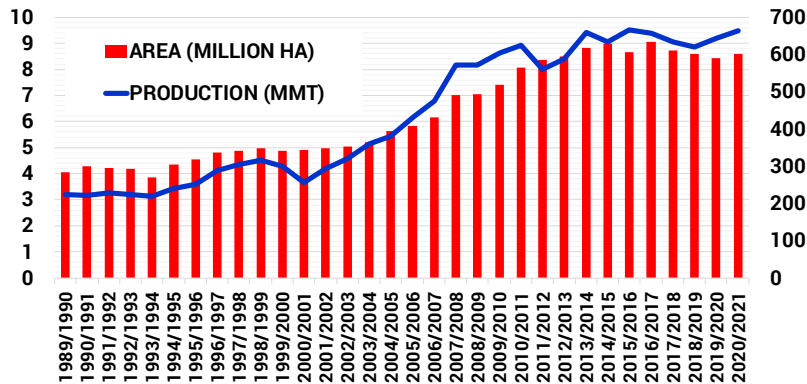


DECEMBER/2020

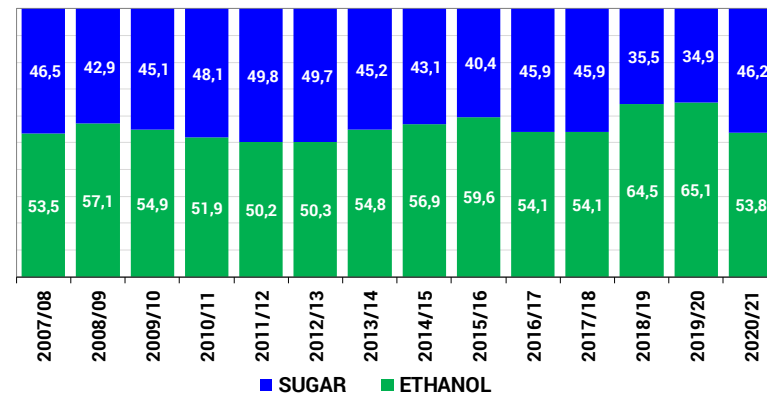


- The sugarcane harvested area in Brazil grew 1.9% in the 2020/2021 harvest, to 8,605 million ha. This meant an expansion of 3.5% in the production of sugarcane, which grew to 665.1 MMT - volume close to the record of 665.6 million registered in 2015/2016.
- Sugarcane ethanol production totaled 29.830 billion liters in the 2020/2021 harvest, down 12.3% from the previous season, while sugar production reached 41.844 MMT, 40.4% above the previous harvest.
- The country's mix in the 2020/2021 harvest was 53.8% for ethanol and 46.2% for sugar.
- The estimate is that 33.9% of the ethanol produced in the 2020/2021 harvest came from companies that produce only biofuel, without the option of sugar, and this is one of the reasons why ethanol still has more than 50% of the mix, despite the more favorable prices for sugar.
- In the accumulated of the 2020/2021 cycle, between April and December, the quality of ground sugar cane reached 144.7 Kg of Total Recoverable Sugar per processed tonne (ATR / t), an increase of 4.1% compared to the 2019/2020 harvest.
- The 2021/2022 harvest, whose crushing starts in April / 2021, should be smaller than the current one, due to weather problems in 2020.

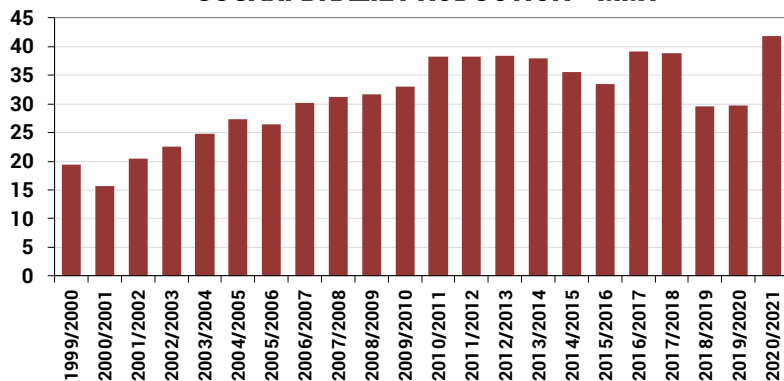
SUGARCANE: BRAZIL AREA AND PRODUCTION



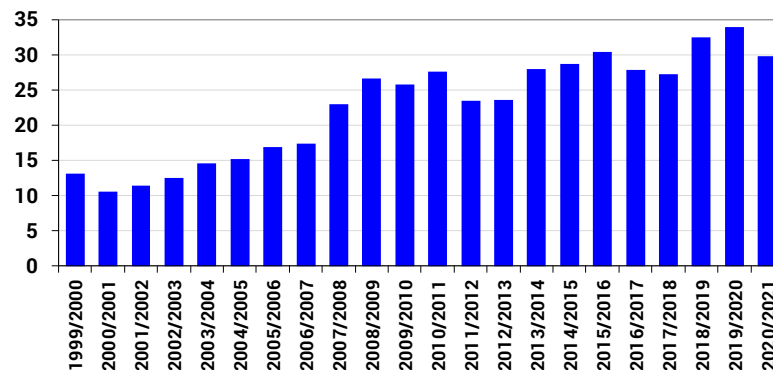
SUGARCANE: BRAZIL MIX EVOLUTION(%)



SUGAR: BRAZIL PRODUCTION - MMT



ETHANOL: BRAZIL PRODUCTION - BILLION L

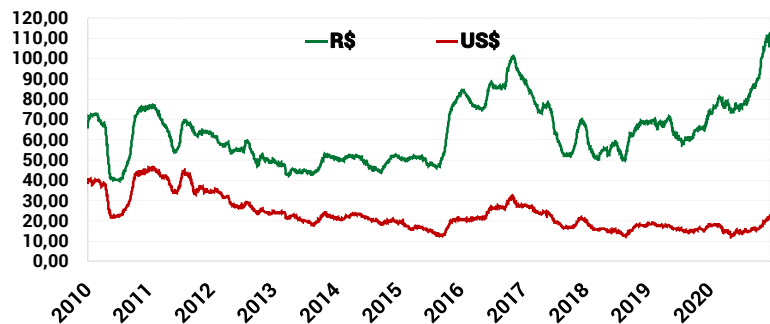


- The CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 109.43 per 50 kg, accumulating a 3.7% increase in the last 30 days and 54.9% in the last 12 months.
- In São Paulo, demand for crystal sugar in the spot market has remained relatively low. Most mills remain firm at the asking price, especially for the ICUMSA 150 type, by offering a low volume to the market.
- On the New York Stock Exchange, the future prices for raw sugar remain above 14 ¢ per pound, accumulating an increase of 12.3% in the last 12 months.
- At the wholesale in São Paulo, sales of sugar on the spot market pay 25.6% more than external sales: the weekly average for the CEPEA / ESALQ Crystal Sugar Indicator is R\$ 109.43 per 50 kg, while the price for contract 11 of ICE Futures (March / 2021) is R\$ 87.08 per 50 kg.
- In the accumulated from January to November 2020, Brazilian sugar exports grew 71.4% compared to the same period of the previous year, and should reach a record of 32.02 MMT in 2020/2021.
- With firmer global prices, due to crop breaks in important producing countries and the dollar appreciated against the Real, exports are attractive to mills.

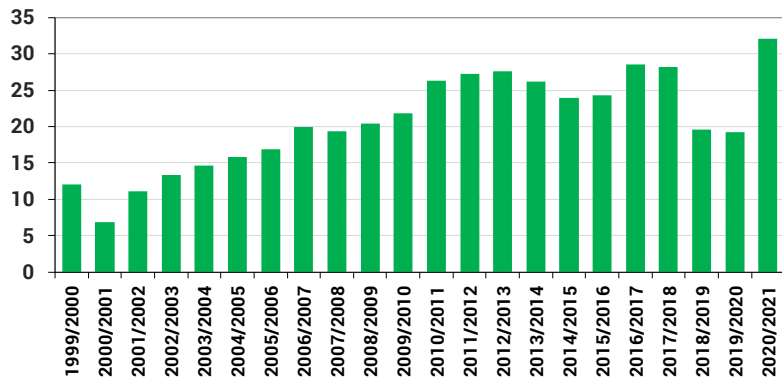
RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



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



SUGAR: BRAZIL EXPORTS - MMT

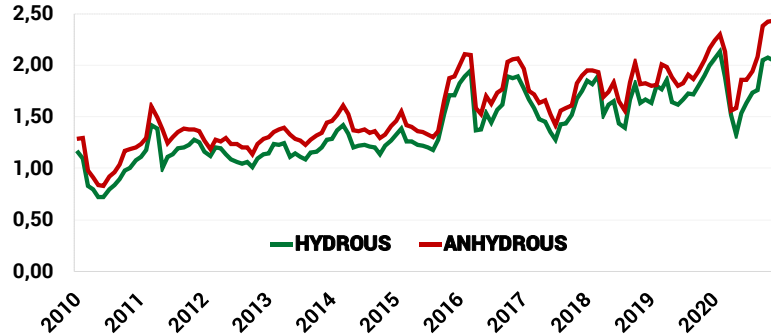


GRANULATED SUGAR: SÃO PAULO WHOLESALE x FAS PORT OF SANTOS - R\$/50 KG

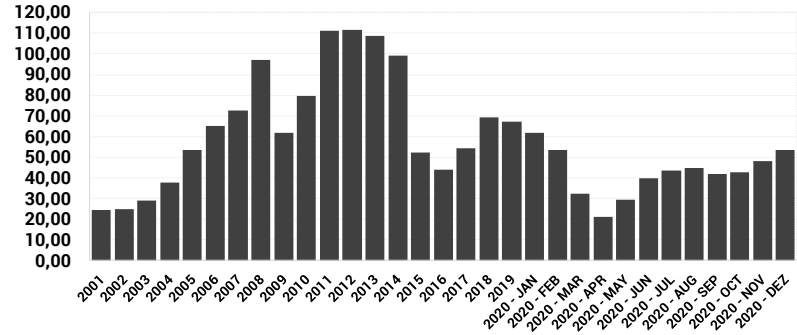


- The price of hydrous ethanol continues to decline in the spot market, with large buyers away from the market, receiving only volumes acquired in previous periods. Small and medium-sized distributors, in turn, are making occasional purchases, to maintain their stocks.
- There is big uncertainty about the demand for ethanol in the coming weeks (Christmas and New Year), due to the progress of Covid-19 in Brazil.
- Ethanol prices are expected to remain firm in the coming months, as the country's mix is expected to remain more sugar in 2021/2022, taking advantage of its global appreciation.
- The price of hydrous ethanol is quoted at R\$ 2.05/l on average, FOB São Paulo plants (without ICMS neither PIS / Cofins), a decrease of 1.1% in the last 30 days and a 2.4% increase in the last 12 months.
- Anhydrous ethanol, FOB plants in São Paulo, is quoted at R\$ 2.43/l (without PIS / Cofins), registering increases of 0.6% in the last 30 days and 12.4% in the last 12 months.
- In terms of relative prices of products in the sugar and alcohol sector, the value of anhydrous ethanol is 13.7% higher than hydrous. In the case of the relationship between sugar and ethanol, the food product value is 40.6% higher than of anhydrous and 59.9% above hydrous.

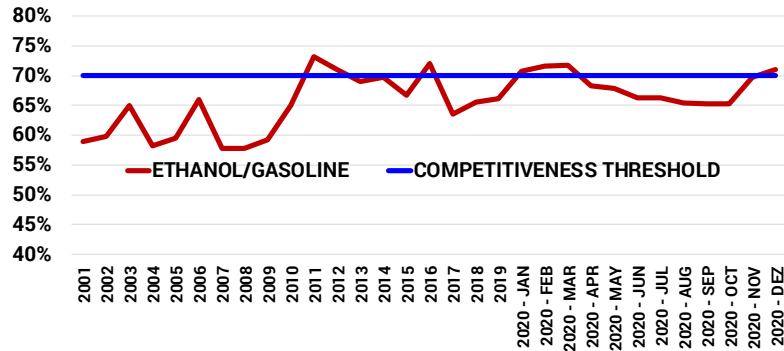
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



BRENT OIL: AVERAGE PRICE - US\$/BARREL



HYDROUS ETHANOL COMPETITIVENESS IN RELATION TO GASOLINE - BRAZIL AVERAGE



ETHANOL AVERAGE PRICES - FOB SÃO PAULO PLANTS

HARVEST	ANHYDROUS ETHANOL		HYDROUS ETHANOL	
	R\$/L	US\$/L	R\$/L	US\$/L
2014/2015	1,40	0,57	1,25	0,51
2015/2016	1,75	0,48	1,58	0,44
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	2,01	0,49	1,83	0,44
2020/2021	2,01	0,38	1,74	0,32
30 DAYS CHANGE	0,6%	5,8%	-1,1%	4,0%
12 MO CHANGE	12,4%	-9,1%	2,4%	-16,8%



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