

# SUGARCANE

2021/2022 OUTLOOK SUMMARY

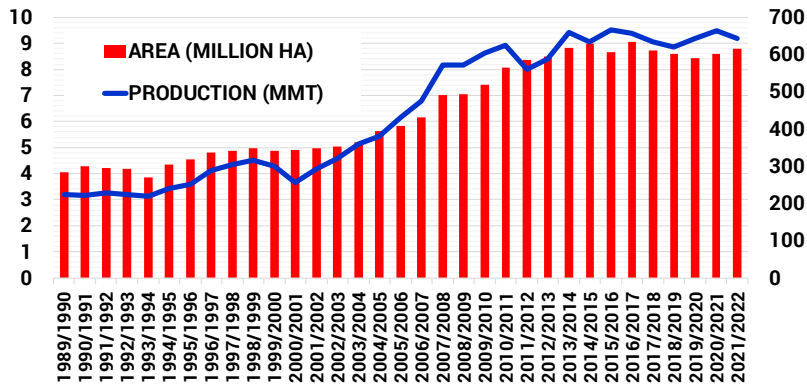


JANUARY/2021

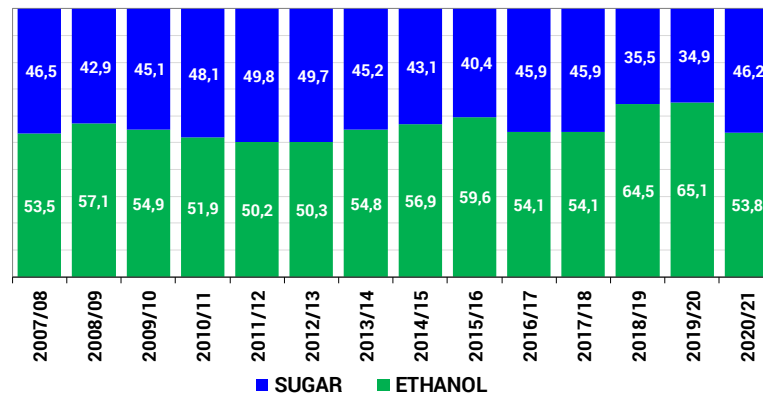


- The 2020/2021 harvest is almost finished and the beginning of the crushing of the next 2021/2022 harvest should be later, starting at the end of March, but with stronger progress in April.
- The sugarcane crushing in the accumulated of the 2020/2021 harvest reached 597.590 MMT between April / 2020 and January / 2021, with an increase of 3.2% over the 579.214 MMT of the same period of the 2019/2020 cycle .
- In the accumulated of the 2020/2021 cycle, the quality of ground sugar cane reached a TRS per tonne of 145.16 Kg, an increase of 4.3% compared to the 2019/2020 harvest.
- In the accumulated of the harvest, between April / 2020 and January / 2021, 46.2% of the raw material went for manufacturing sugar, against 34.5% in 2019.
- In the accumulated of the 2020/2021 harvest, sugar production amounts to 38.193 MMT, 44.2% higher than the 26.488 MMT produced a year earlier, while ethanol production totaled 29.421 billion liters, 8.7% below the previous harvest.
- This season's mix has been more towards sugar, as mills take advantage of good sugar prices in BRL, caused by the crop failure of other major producers, the devaluation of the Real against the dollar and the drop in ethanol demand during the pandemic.

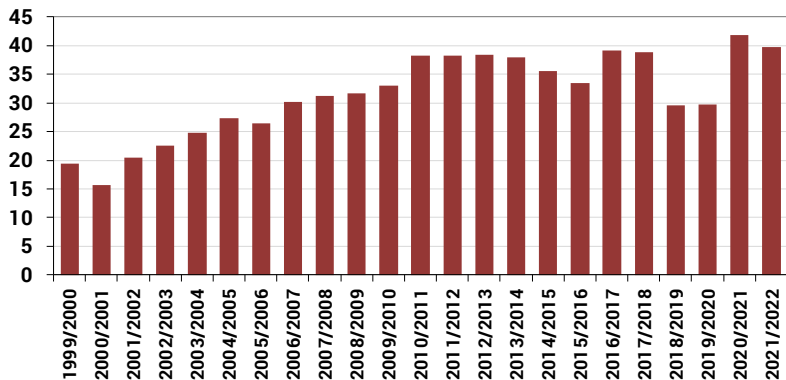
## SUGARCANE: BRAZIL AREA AND PRODUCTION



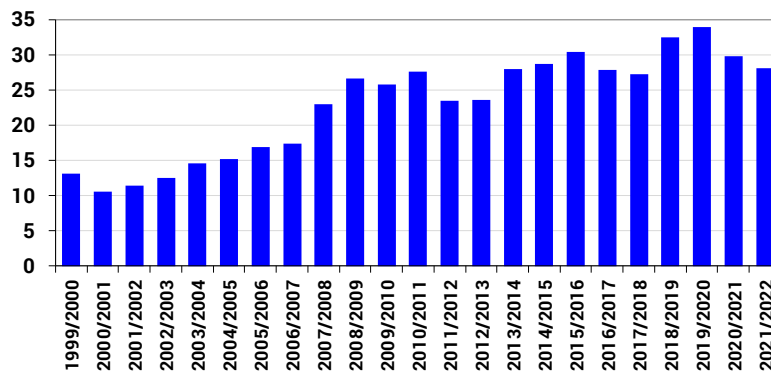
## SUGARCANE: BRAZIL MIX EVOLUTION(%)



## SUGAR: BRAZIL PRODUCTION - MMT



## ETHANOL: BRAZIL PRODUCTION - BILLION L

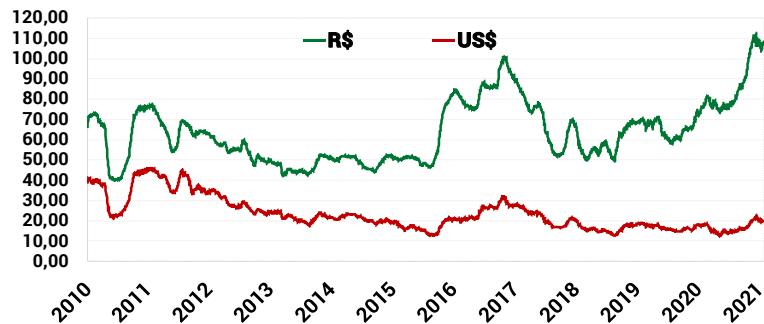


- The CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 107.35 per 50 kg, a 1.3% decrease in the last 30 days but 40.9% increase in the last 12 months.
- On the New York Stock Exchange, the future prices for raw sugar remain above 15.5 ¢ per pound, accumulating an increase of 19% in 12 months.
- Demand for sugar in the world market is on the rise and global production is falling in important players, such as Thailand and the EU, while in Brazil the expectation is for a fall in production for the next season 2021/2022, due to the lack of rain in the Center-South region.
- Sugar production will be smaller in 2021/2022, as atypical weather conditions, such as the drought between September and October 2020, are expected to affect the volume of cane and the TRS concentration.
- Regarding the TRS, the drought was favorable to sugarcane in 2020, but it will be harmful in 2021/2022, with a projection of 138 Kg of TRS / t of cane, compared to an average of 145.16 Kg of TRS / t in 2020/2021.
- Favorable sugar prices in the domestic market and the recovery of international values should stimulate the maintenance of a mix more towards sugar. In addition, a large part of exports (70% of the expected volume) is already fixed for the next 2021/2022 harvest.

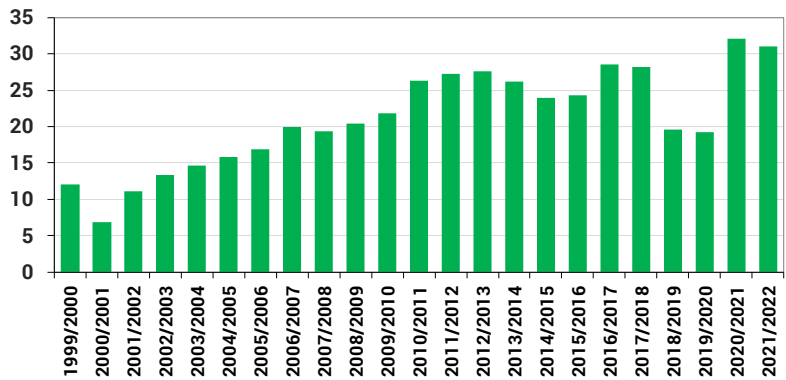
### RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



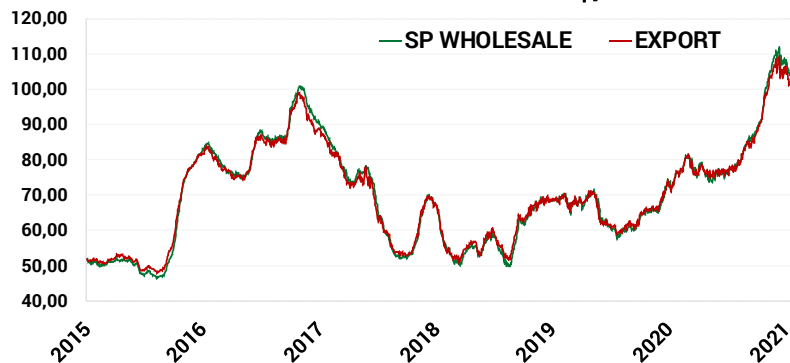
### GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG



### SUGAR: BRAZIL EXPORTS - MMT

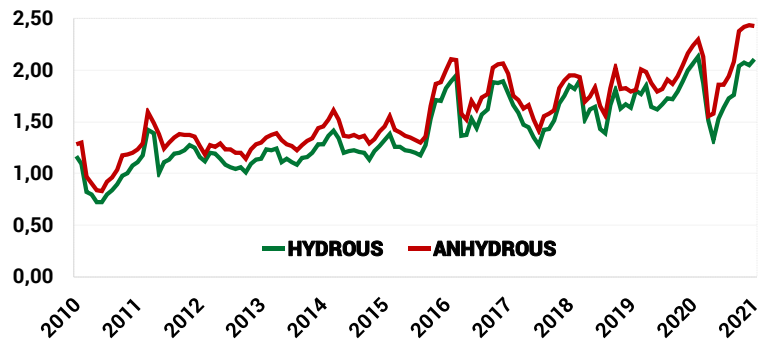


### GRANULATED SUGAR: SÃO PAULO WHOLESALE x FAS PORT OF SANTOS - R\$/50 KG

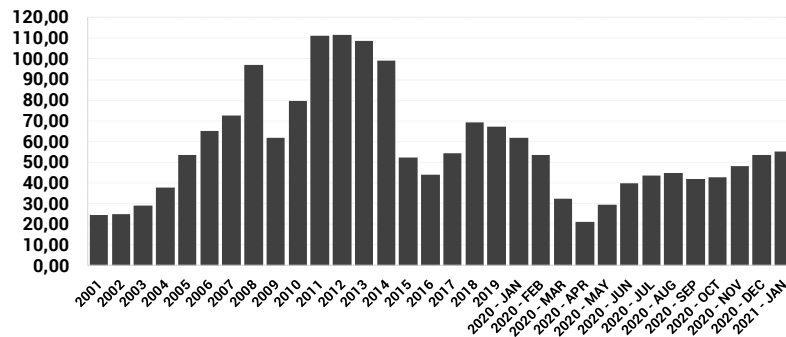


- The price of hydrous ethanol is quoted at R\$ 2.11/l on average, FOB São Paulo plants (without ICMS neither PIS / Cofins), an increase of 2.8% in the last 30 days.
- Anhydrous ethanol, FOB plants in São Paulo, is quoted at R\$ 2.43/l (without PIS / Cofins), registering a decrease of 0.2% in the last 30 days, but and increase of 8.4% in the last 12 months.
- Ethanol prices are expected to remain firm in the coming months, as the country's sugar-energy mix will continue to be more sugar in 2021/2022, given the global appreciation of sugar, in addition to the appreciation of oil and high gasoline prices.
- In the next crop year 2021/2022, sugar should continue to pay more than ethanol, considering the situation expected for these two markets, with the plants privileging the manufacture of sugar.
- The quotations for oil and oil products should set the ceiling price for ethanol, and, in this sense, the scenario is positive for the competitiveness of biofuel.
- The scenario is for higher average prices for oil and oil products in 2021 than in 2020.
- The fuel demand in 2021 should not suffer the decline seen in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020, even with the upsurge in the Covid-19 pandemic.

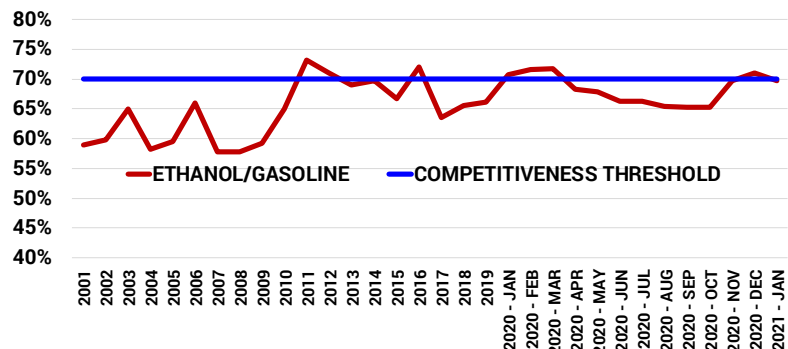
## ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



## 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	1,76	0,48	1,59	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	2,05	0,38	1,78	0,33
30 DAYS CHANGE	-0,2%	-5,0%	2,8%	-2,2%
12 MO CHANGE	8,4%	-16,3%	1,9%	-20,9%



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