

SUGARCANE

2021/2022 OUTLOOK SUMMARY

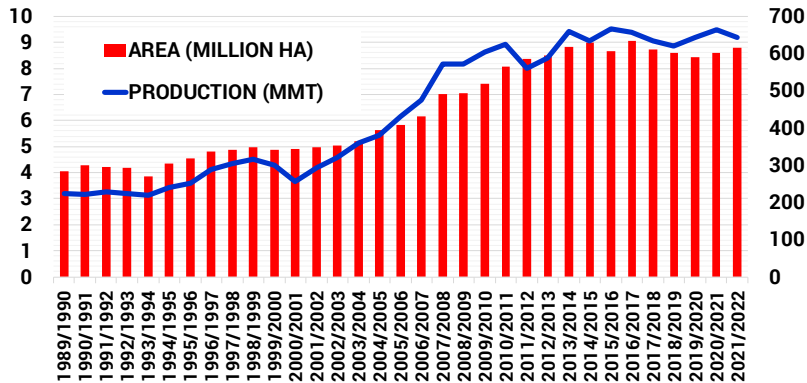


FEBRUARY/2021

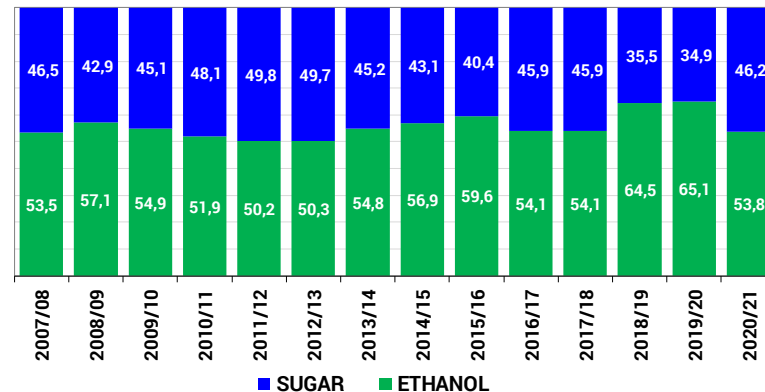


- The 2020/2021 harvest is almost finished, with an off-season in the Center-South of Brazil, only 3 plants operating and grinding only 487 thousand tonnes in February.
- The sugarcane crushing in the accumulated of the 2020/2021 harvest reached 598.1 MMT between April / 2020 and February / 2021, an 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 of 145.15 Kg per tonne, an increase of 4.3% compared to the 2019/2020 harvest.
- In the accumulated of the harvest, between April / 2020 and February / 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 38.217 MMT, 44.2% higher than the 26.494 MMT produced a year earlier, while ethanol production totaled 29.68 billion liters, 8.5% 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.

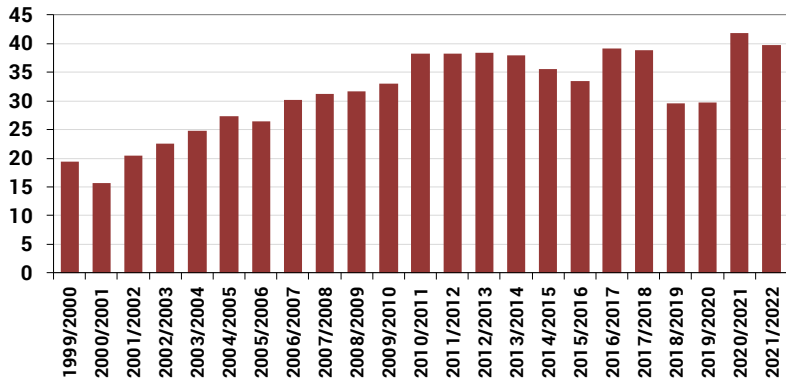
SUGARCANE: BRAZIL AREA AND PRODUCTION



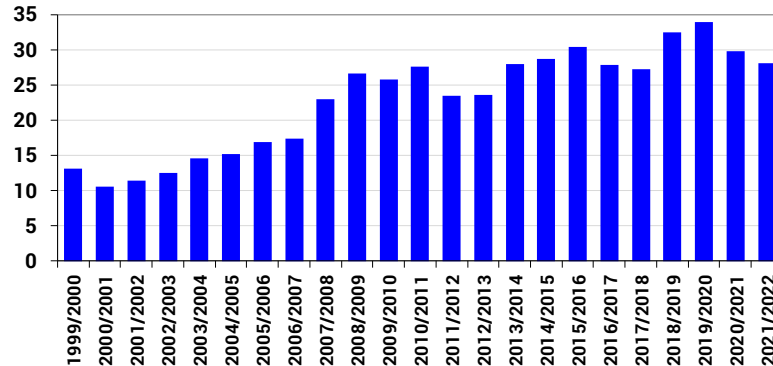
SUGARCANE: BRAZIL MIX EVOLUTION(%)



SUGAR: BRAZIL PRODUCTION - MMT



ETHANOL: BRAZIL PRODUCTION - BILLION L

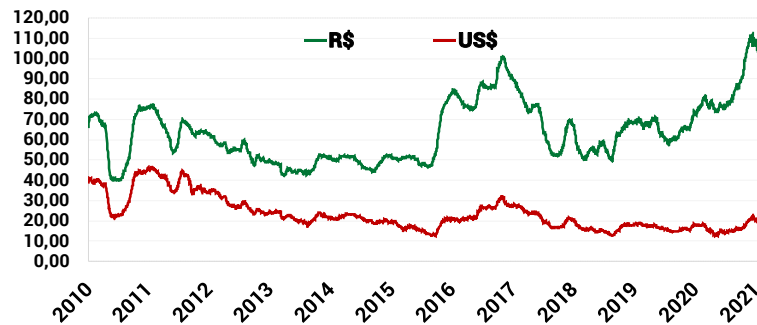


- The CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 110.50 per 50 kg, a 3.7% increase in the last 30 days and 36.3% in the last 12 months.
- On the New York Stock Exchange, the sugar futures contract due in March / 2021 exceeded the level of 18 ¢ per pound, accumulating a strong increase of 73.5% in the last 12 months.
- Contracts maturing in the second half of 2021 are ranging from 16.00 to 16.50 ¢ per pound, while those maturing in 2022 are priced between 14 and 16 ¢ per pound.
- The increase in international prices is due to the forecast of a significant global deficit in 2020/2021 (harvest that runs from October 2020 to September 2021), with estimates of a fall in production in Thailand and the European Union, due to the unfavorable climate.
- Another factor is the appreciation of oil, which already exceeds US\$ 65 per barrel, combined with the dollar appreciated against the Real, above the level of R\$ 5.40.
- This combination is expected to further raise gasoline prices in Brazil, improving the competitiveness of hydrous ethanol compared to fossil fuels and encouraging the production of ethanol instead of sugar.

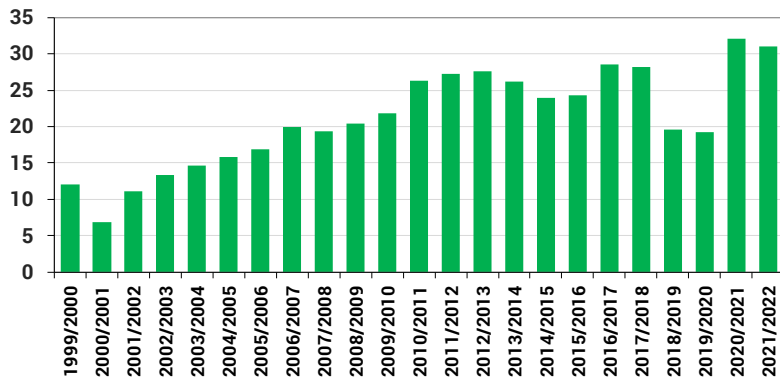
RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



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



SUGAR: BRAZIL EXPORTS - MMT

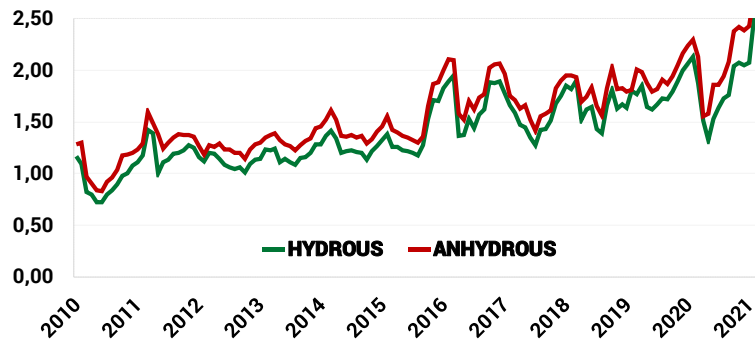


GRANULATED SUGAR: SÃO PAULO WHOLESALE x FAS PORT OF SANTOS - R\$/50 KG

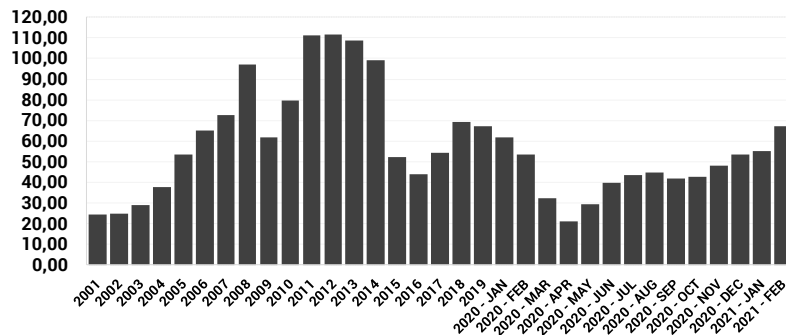


- The price of hydrous ethanol is quoted at R\$ 2.53/l on average, FOB São Paulo plants (without ICMS neither PIS / Cofins), a sharp increase of 21.8% in the last 30 days.
- Anhydrous ethanol, FOB plants in São Paulo, is quoted at R\$ 2.76/l (without PIS / Cofins), registering an increase of 13.8% in the last 30 days.
- February is ending, with strong increases in the price of ethanol at the plants and pumps.
- Besides the off-season, the increase in gasoline prices at refineries allows for further changes in ethanol values at the plants.
- The maintenance of Petrobras' current import parity policy is important for the sector's recovery in 2021, as the competitiveness of hydrous ethanol as a substitute for gasoline in Brazil decreases when the price of fossil fuel falls.
- In 2020, ethanol plants with little sugar in the mix were most affected by the lower demand and volatility in oil prices that followed the Covid-19 pandemic outbreak in Brazil.
- However, the strong recovery in oil prices, combined with the relaxation of social distance measures in Brazil, should contribute to increase the demand for ethanol throughout 2021.

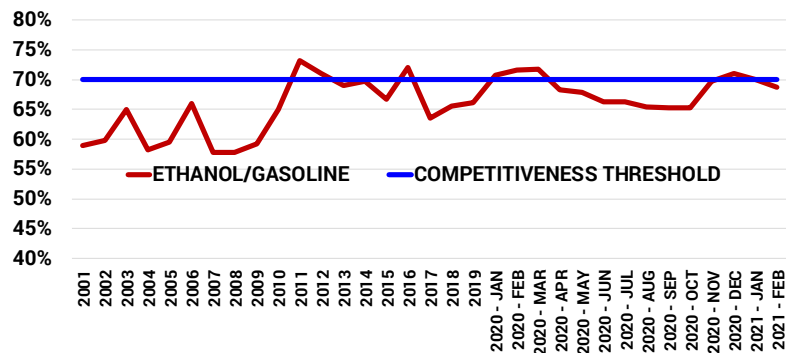
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



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	1,77	0,48	1,61	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	2,12	0,40	1,84	0,34
30 DAYS CHANGE	13,8%	12,4%	21,8%	19,6%
12 MO CHANGE	20,5%	-3,7%	18,3%	-2,5%



+55 51 3248 1117
+55 51 999 867 666



www.carloscogo.com.br/en



consultoria@carloscogo.com.br



@cogointeligencia

