

# SUGARCANE

2021/2022 OUTLOOK SUMMARY

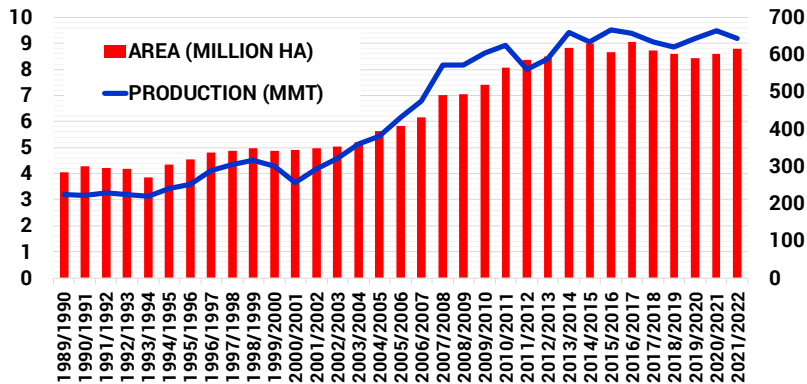


MARCH/2021

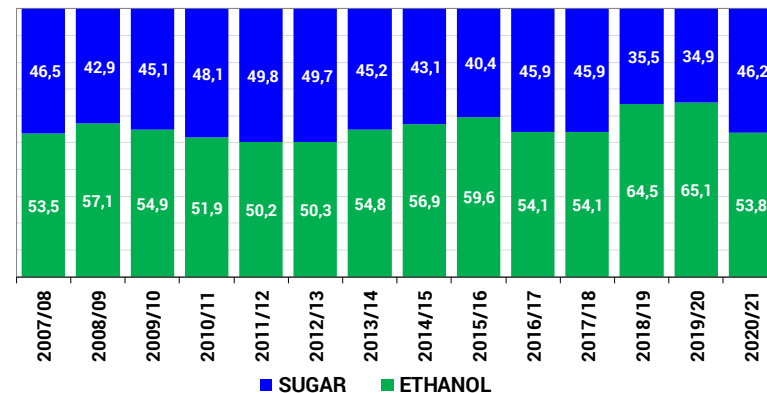


- The 2020/2021 harvest is almost finished, with an off-season in the Center-South of the country and only 7 plants in operation.
- The crushing of sugarcane in the accumulated of the 2020/2021 harvest - April / 2020 to March / 2021 - reached 598.8 MMT, an increase of 3.2% over the 579.9 MMT in the same period of the 2019/2020 season.
- In the accumulated of the 2020/2021 cycle, the quality of ground sugar cane reached a TRS of 145.09 Kg per tonne, an increase of 4.3% compared to the 2019/2020 harvest.
- In the first half of April, 124 mills are expected to start crushing the 2021/2022 harvest.
- Regarding the 2021/2022 harvest of sugarcane in the Center-South region, which officially begins on April 1<sup>st</sup>, 2021, the impact of the weather is still uncertain.
- In February, precipitation in almost all the main regions of the Center-South was well below normal and the risk that sugarcane productivity will be affected, after the prolonged drought in 2020, is back to concern.
- The current estimate for the Center-South is to crush 575 MMT of sugarcane, with a 47% mix for sugar and 53% for ethanol.

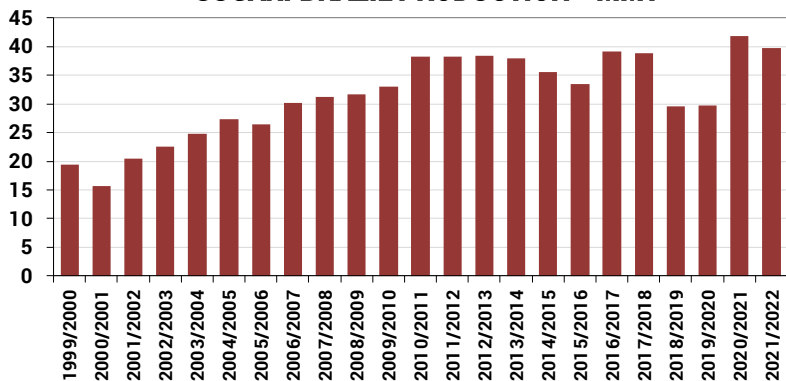
## SUGARCANE: BRAZIL AREA AND PRODUCTION



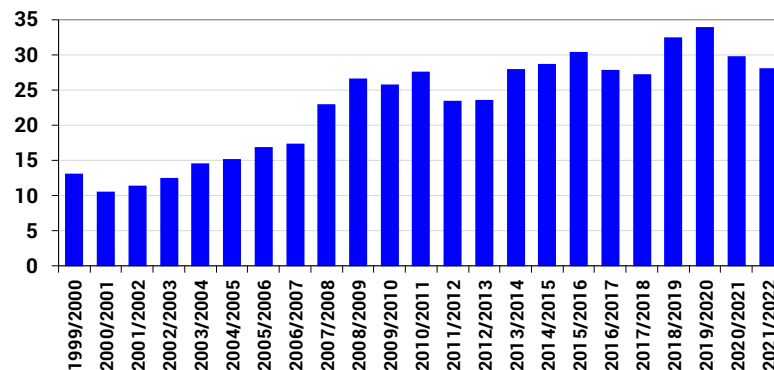
## SUGARCANE: BRAZIL MIX EVOLUTION(%)



## SUGAR: BRAZIL PRODUCTION - MMT



## ETHANOL: BRAZIL PRODUCTION - BILLION L

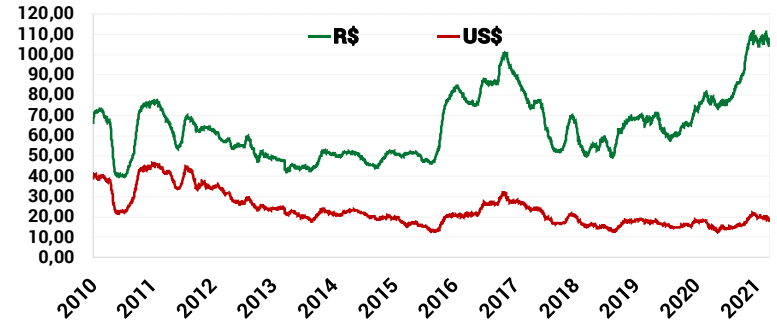


- The CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 106.01 per 50 kg, a 1.9% decrease in the last 30 days, but 37.5% increase in 12 months.
- On the New York Stock Exchange, the sugar futures contract due in May / 2021 dropped to around 15.50 cents / pound, after exceeding 18 cents / pound, but still accumulates a 49% rise in 12 months.
- Contracts maturing in the second half of 2021 are ranging from 15.40 to 15.50 ¢ per pound, while those maturing in 2022 are priced between 14.20 and 15.00 ¢ per pound.
- Currently, sugar exports pay only 1.3% more than sales on the domestic market.
- While some mills are flexible in lowering the prices of offered sugar, especially when deals involve larger quantities, others, with smaller inventories, remain firm in prices.
- In these last few off-season weeks, the market is paying attention to the new crop 2021/2022, which officially begins on April 1<sup>st</sup>, 2021.
- Due to last year's drought, grinding will be delayed of up to two weeks, depending on the region, in relation to the beginning of the previous harvest (2020/2021).

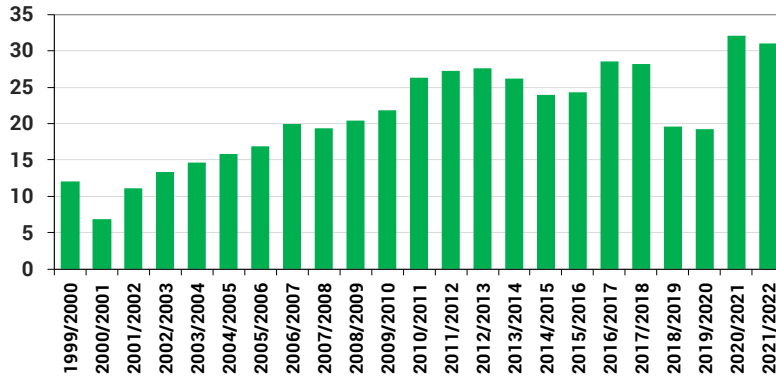
### RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



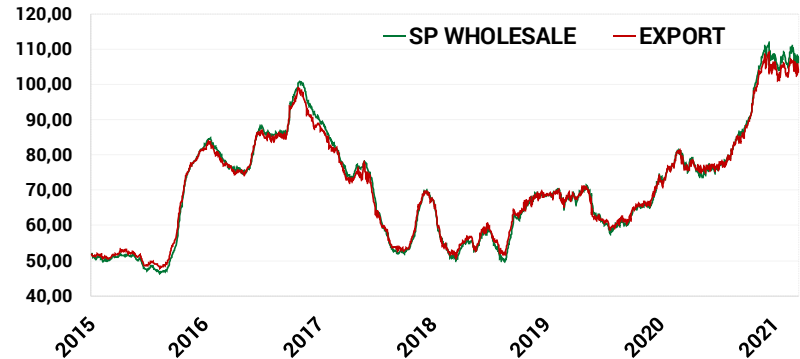
### GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG



### SUGAR: BRAZIL EXPORTS - MMT

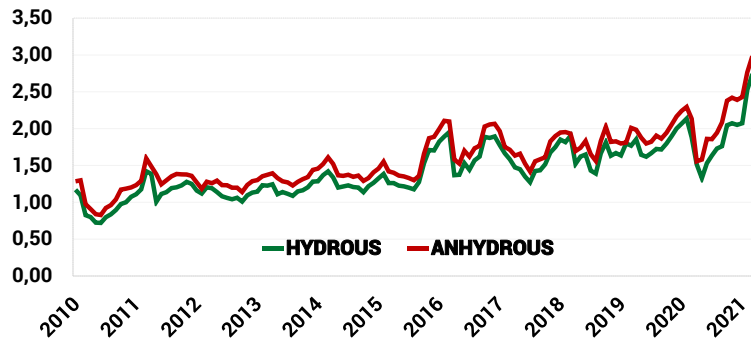


### GRANULATED SUGAR: SÃO PAULO WHOLESALE x FAS PORT OF SANTOS - R\$/50 KG

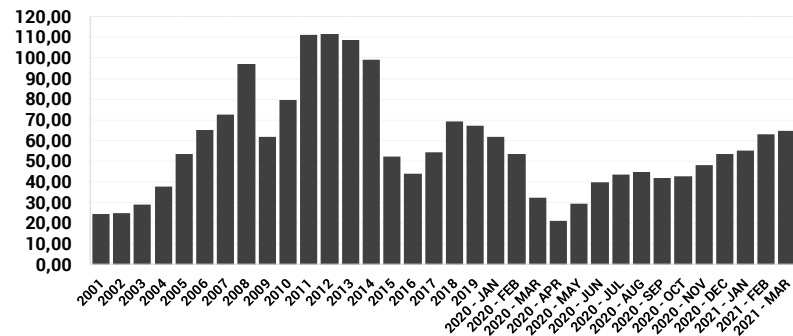


- The average price of hydrous ethanol is quoted at R\$ 2.74/l on average, FOB São Paulo plants (without ICMS neither PIS / Cofins), a decrease increase of 5.5% in March, but still a sharp increase of 45.7% in the last 12 months.
- Anhydrous ethanol, FOB plants in São Paulo, is quoted at R\$ 2.98/l (without PIS / Cofins), a decrease of 4.9% in March, but an 39.8% increase in the last 12 months.
- This recent fall in prices is due to the sharp drop in demand, with the tightening of restrictive measures to control Covid-19 and the fall in oil prices at a global level.
- In this scenario, the distributors continue to work only with previously acquired stocks.
- In some cases, neither the volumes to be withdrawn via crop year contracts were loaded by the distributors at the production units.
- In addition, part of the buyers needs to reallocate ethanol from one station to another in order to source the plants.
- Therefore, at the pumps in the state of São Paulo, ethanol has been losing competitiveness against regular gasoline for three consecutive weeks. In the last seven days, the average relationship between hydrous ethanol and regular gasoline prices is 74, 9%.

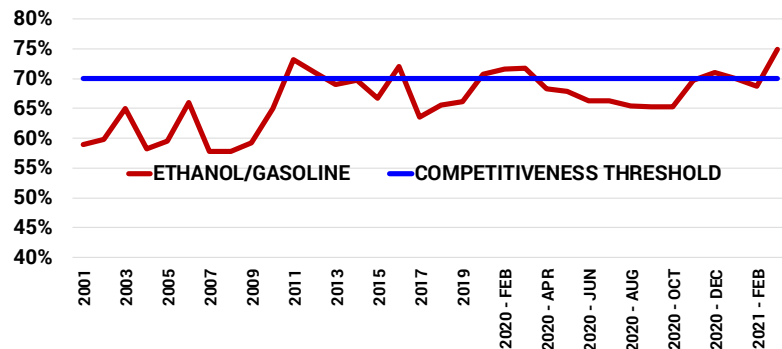
## ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



## 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	1,79	0,48	1,63	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	2,19	0,41	1,92	0,36
30 DAYS CHANGE	7,9%	4,9%	8,5%	5,5%
12 MO CHANGE	39,8%	21,9%	45,7%	27,1%



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