

SUGARCANE

2021/2022 OUTLOOK SUMMARY

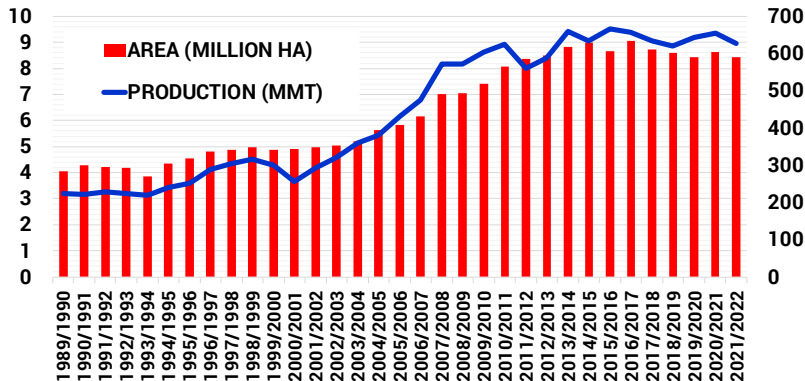


MAY/2021

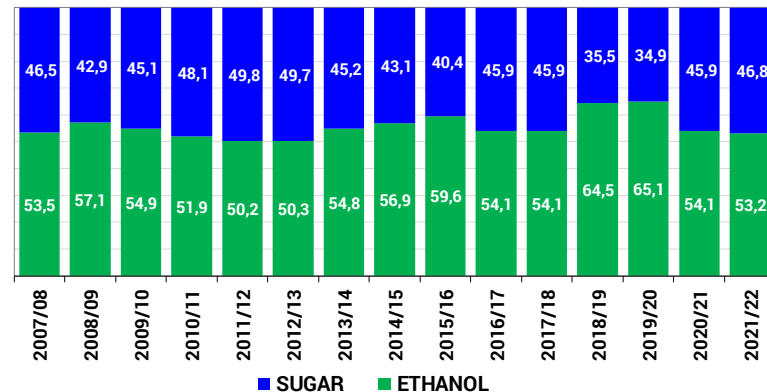


- The sugarcane production estimate for the 2021/2022 harvest is 628.1 MMT, 4% below the 2020/2021 season, due to the 3% reduction in the area in the Southeast Region, the main producer in the country.
- Sugarcane crushing in the Center-South region of Brazil reached 86.309 MMT in the 2021/2022 harvest, between April 1st and May 16th. A decrease of 16.2% over the 103.041 MMT for the same period of the 2020/2021 cycle.
- In the current harvest, 44.47% of the raw material was destined to sugar production, compared to 45.19% in the same period of 2020/2021.
- Sugar production totals 4.529 MMT, 17.5% below the 5.490 MMT produced in the same period of the former harvest.
- The ethanol volume produced in the accumulated for the 2021/2022 harvest totaled 3.836 billion liters, 13.2% lower than that registered in the last harvest, with anhydrous ethanol falling 6.2% and hydrous, 15.5%.
- In the accumulated of the 2021/2022 cycle, the harvest reached 123.84 Kg of TRS per tonne of sugarcane, 0.1% higher than the value calculated in the last agricultural cycle, with a sharper drop in São Paulo, whose accumulated TRS declined by 2.1%, while in other states there was an increase of 3.4%.

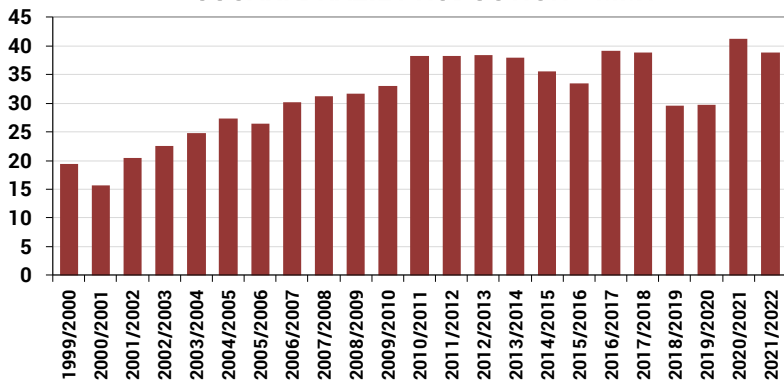
SUGARCANE: BRAZIL AREA AND PRODUCTION



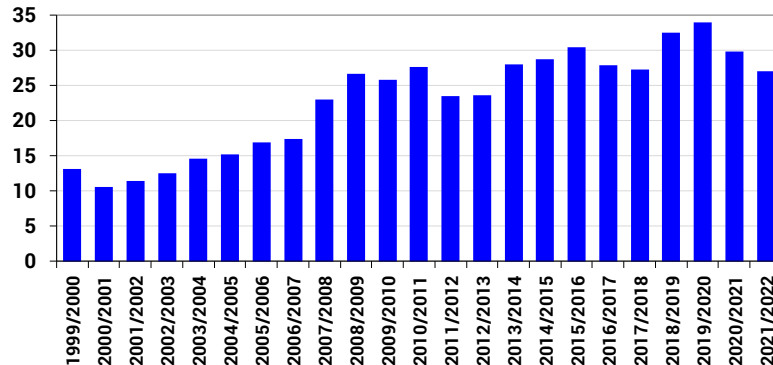
SUGARCANE: BRAZIL MIX EVOLUTION(%)



SUGAR: BRAZIL PRODUCTION - MMT



ETHANOL: BRAZIL PRODUCTION - BILLION L

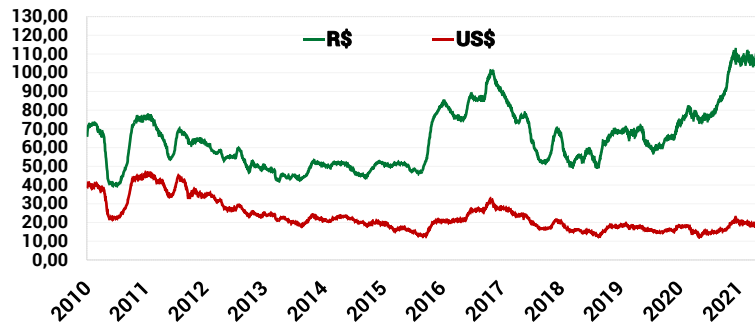


- The CEPEA / ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 115.99 per 50 kg, a 2.8% increase in the last 30 days and 51.0% in the last 12 months.
- A rise in prices is being caused by the restricted supply in the first two months of the harvest. This is due to the late start of crushing and the drop in sugarcane productivity, because of the low rainfall in the Center-South region of Brazil.
- In addition to short supply, buyers are more active in the market – strengthening demand and increasing liquidity – and there is an increase in sugarcane destined for the production of ethanol.
- Currently, sales in the domestic market pay 8.9% more than sales abroad.
- In New York, the sugar futures contract maturing in July/2021 remains quoted above the level of 17 cents/pound, accumulating an increase of 61% in the last 12 months.
- International prices reached the highest level since 2016/2017, with the forecast of a deficit in the global supply 2020/2021, followed by a surplus in 2021/2022.
- The recovery in oil prices and positive fundamentals of supply and demand for 2020/2021 are the main causes of the high sugar prices in 2021.

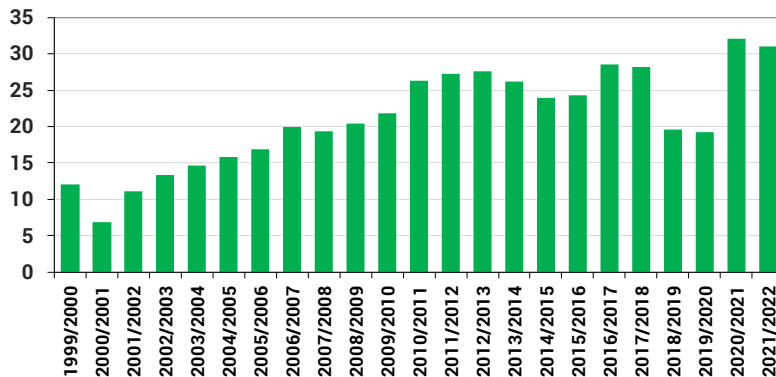
RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



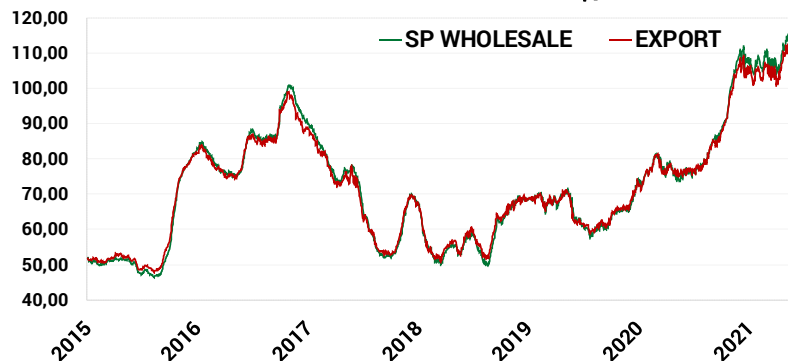
GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG



SUGAR: BRAZIL EXPORTS - MMT

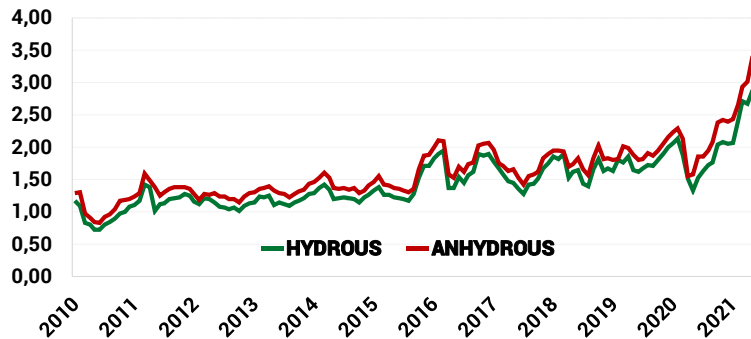


GRANULATED SUGAR: SÃO PAULO WHOLESALE x FAS PORT OF SANTOS - R\$/50 KG

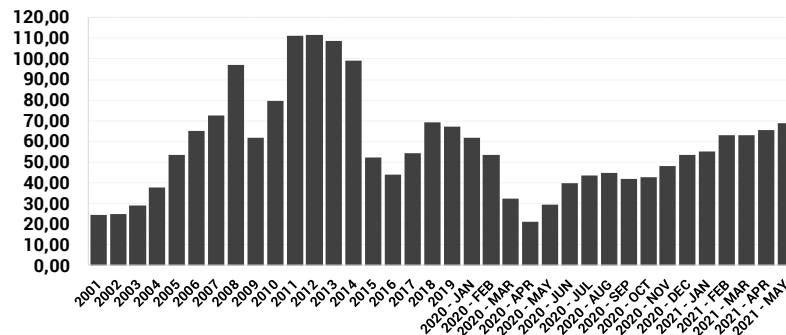


- The average price of hydrous ethanol is quoted at R\$ 2.87/l on average, FOB São Paulo plants (without ICMS neither PIS / Cofins), an increase of 7.6% in 30 days and 116.9% in the last 12 months.
- Anhydrous ethanol, FOB plants in São Paulo, is quoted at R\$ 3.40/l (without PIS / Cofins), an increase of 13.1% in the last 30 days and 115.6% in the last 12 months.
- The prices of hydrous and anhydrous ethanol rose sharply in May, with the heating of demand and with distributors replenishing stocks, even in a scenario of loss of competitiveness of biofuel against regular gasoline at the pumps.
- In May, the hydrous volume sold by the São Paulo mills grew 33.6% compared to April and 14.8% compared to May 2020.
- In light of this, the 2021/2022 harvest is going along with firm prices for both ethanol and crystal sugar in the domestic market.
- Currently, the value of anhydrous ethanol is 13.4% higher than hydrous ethanol, while sugar is 5.5% higher than anhydrous and 19.7% higher than hydrous ethanol.
- At the pumps in São Paulo, the averages are R\$ 5.391 per liter for regular gasoline and R\$ 4.159 per liter for ethanol, a ratio of 77.1% between the two fuels.

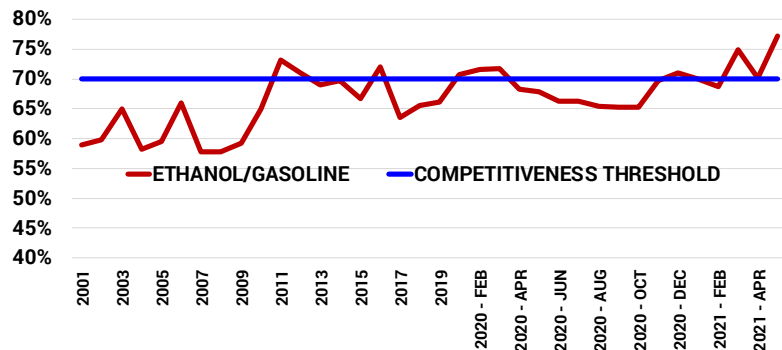
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



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 |
| 2015/2016 | 1,84 | 0,49 | 1,66 | 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 | 2,17 | 0,41 | 1,91 | 0,36 |
| 2021/2022 | 3,21 | 0,60 | 2,78 | 0,51 |
| 30 DAYS CHANGE | 13,1% | 18,1% | 7,6% | 12,3% |
| 12 MO CHANGE | 115,6% | 130,6% | 116,9% | 125,7% |



+55 51 3248 1117
+55 51 999 867 666



www.carloscogo.com.br/en



consultoria@carloscogo.com.br



@cogointeligencia

