# SUGARCANE

## 2022/2023 OUTLOOK SUMMARY

COGO intelligence in agribusiness

DECEMBER/2021

- In the 2021/2022 harvest, between April 1st and November 30th, 2021, sugarcane crushing accumulates a drop of 12.4%, reaching 520.9 MMT, against 594.9 MMT in the same period of 2020-2021 crop.

- In the 2021/2022 harvest, sugar production reached 32.0 MMT, 16% below the same period of the 2020/2021 cycle.

- In the 2021/2022 harvest, ethanol production totaled 26.2 billion liters, 9.4% below the same period of the previous harvest, with 10.633 billion liters of anhydrous (13.1% increase) and 15.575 billion of liters of hydrous (20.2% drop).

- The Center-South region of Brazil is expected to process 525 MMT of sugarcane in the 2021/2022 harvest, which runs from April/2021 to March/2022, representing a 13.3% decline compared to the previous season, due to problematic climate, especially dry weather and frost.

- The current mix should be slightly more towards alcohol than the previous harvest, going from 53.9% of the sugarcane destined for ethanol in 2020/2021 to 55.1% in 2021/2022.

- In the 2021/2022 harvest, the sugar concentration indicator reached 142.94 Kg of Total Recoverable Sugars (TRS) per tonne of sugarcane, a decrease of 1.5% compared to the same period in 2020 /2021.

- The forecast is for a 2% reduction of sugarcane harvested area in the Center-South of Brazil in the 2022/2023 season, which starts in April of next year, due to the renewal of sugarcane fields between January and March 2022.

- However, if productivity increases 8.5%, as estimated by the sector, crushing in the 2022/2023 harvest tends to increase by 6% compared to the current one, which would lead to a total processing of sugarcane in the order of 565 MMT.

- The expected increase in productivity would result from increased investments in sugarcane fields and a more favorable climate than the current crop.

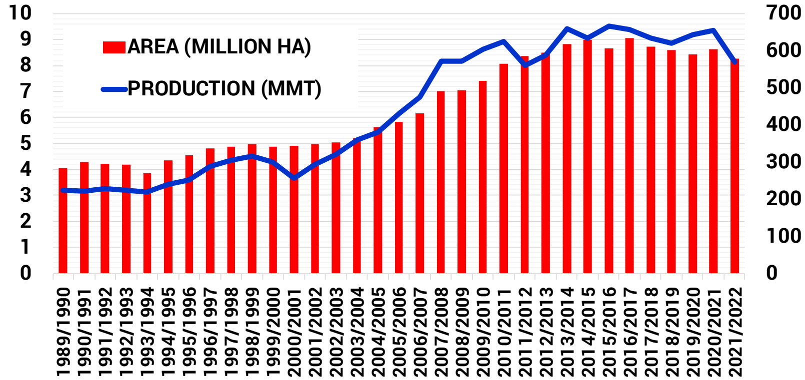
- In the 2021/2022 harvest, the productivity of the Center-South region of Brazil is 69.6 tonnes of sugarcane per hectare, against 78.0 tonnes per hectare in the same period of the 2020/2021 season.

- Even with the expected recovery, productivity in the Center-South of Brazil will remain well below potential.

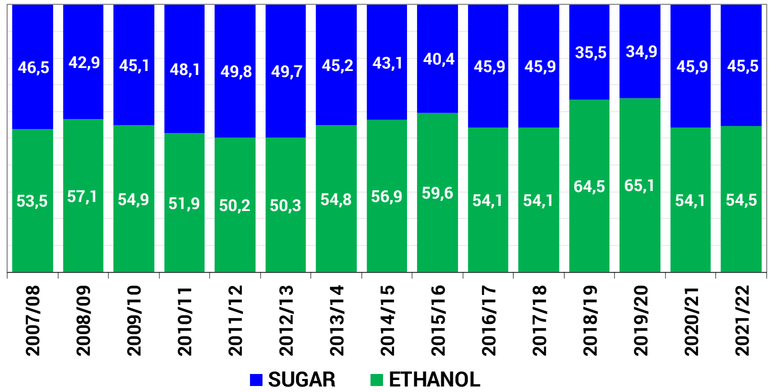
- If the advance is confirmed, it will be possible to reach 75.5 tonnes of sugarcane per hectare, however there is potential for 85 tonnes per hectare, which should take another one or two harvests to be reached.

- The volume of sugarcane available in the next 2022/2023 harvest will depend basically on the weather.

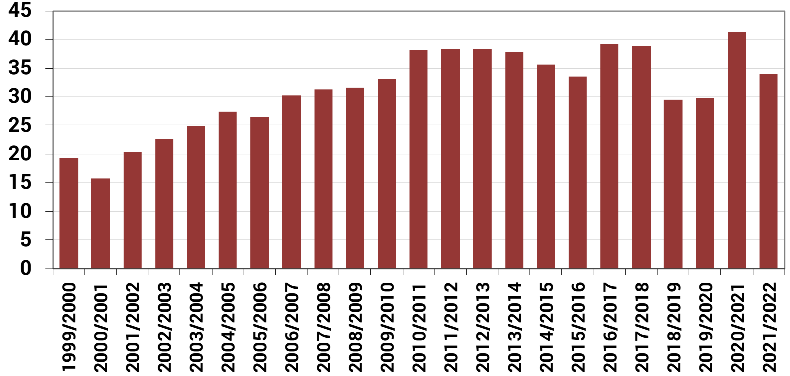
## SUGARCANE: BRAZIL AREA AND PRODUCTION



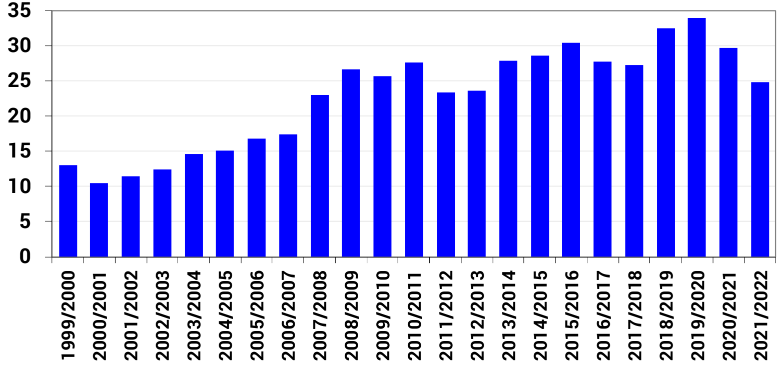

## SUGARCANE: BRAZIL MIX EVOLUTION(%)




## 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$ 154.46 per 50 kg, accumulating an increase of 0.5% in the last 30 days and 42.0% in the last 12 months.

- In New York, the sugar futures contract maturing in March/2022 is quoted close to 19 ¢/pound, accumulating an increase of 33% in the last 12 months.

- The pace of business remains calm in the spot market, with the early off-season and mills continuing to restrict supply for prompt delivery, but buyers are also showing little interest in new acquisitions.

- On the New York Stock Exchange, raw sugar prices are sustained at high levels, as concerns about the new variant of the coronavirus have eased.

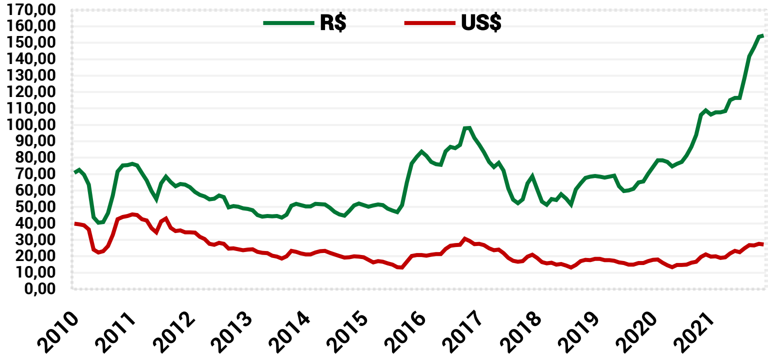
- In addition, future sugar prices follow the rise in oil prices.

- Another factor that drives sugar contracts is the movement of buying future positions in raw, after a strong movement of selling positions.

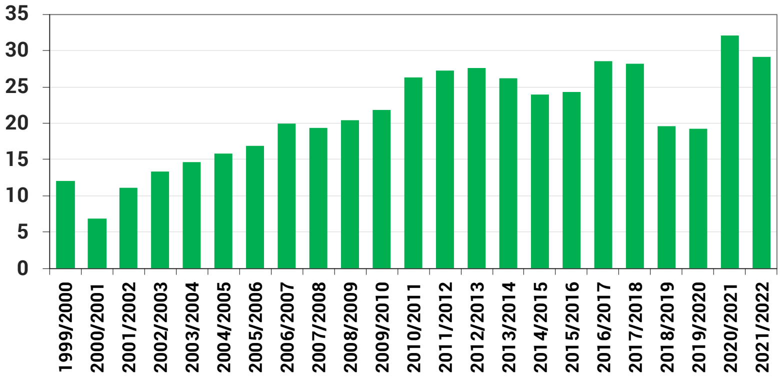
- The trend is for firm prices, both in the domestic and foreign markets, until the end of the Brazilian off-season, in March 2022.

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

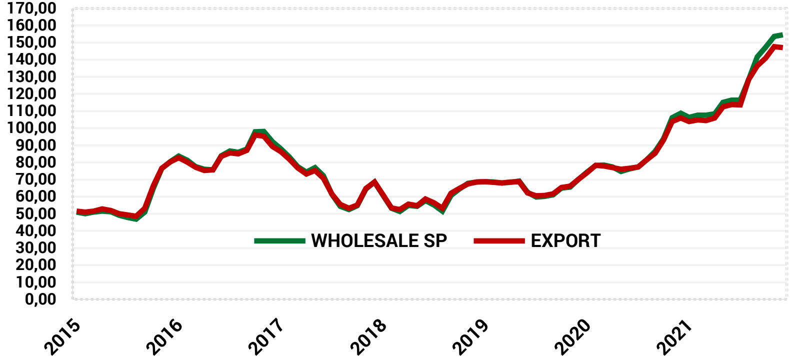

## GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R$/50 KG




## SUGAR: BRAZIL EXPORTS - MMT




## GRANULATED SUGAR: WHOLESALE SP X FAS PORT OF SANTOS/SP - R$/50 KG



- The average price of hydrous ethanol FOB São Paulo plants is quoted at R$ 3.32/l (without ICMS and without PIS/Cofins), a sharp drop of 10.8% in 30 days, but an increase of 61.9% in 12 months.

- Anhydrous ethanol FOB São Paulo plants is quoted, on average, at R$ 3.84/l (without PIS/Cofins), a decrease of 12.0% in the last 30 days, but an accumulated increase of 60.5% year to date.

- In the 2021/2022 harvest, between April 1st and November 30th, 2021, the total volume of ethanol sold by the plants in the Center-South registered a decrease of 7.5%, to 18.994 billion liters, with a decline of 44% in exports.

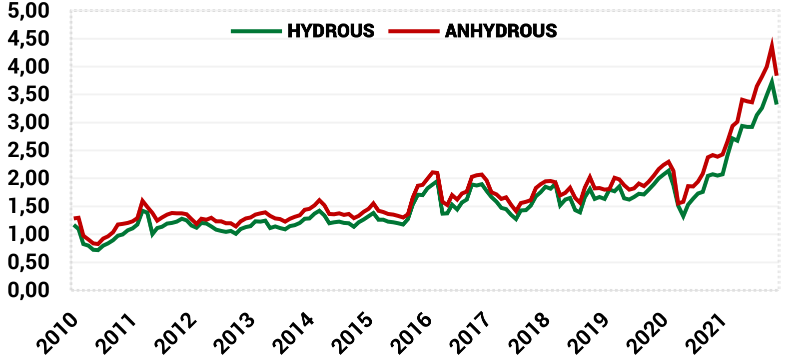
- During the off-season for sugarcane in the Center-South region of Brazil, which runs until March/2022, there should be no problems for ethanol stocks to supply the country's demand, contrary to what was initially thought.

- As a result, the price of ethanol rose during the harvest and is now on a downward trend in the off-season.

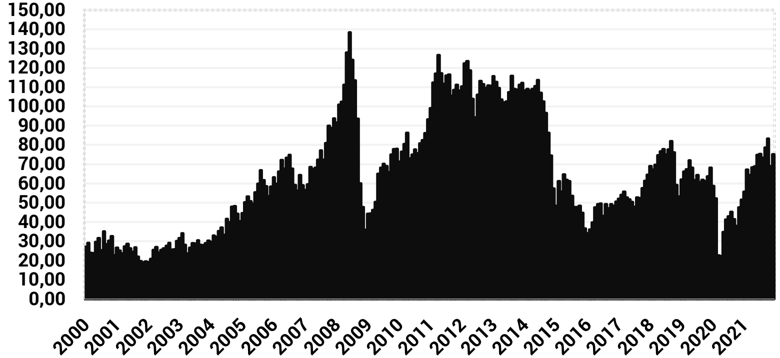
- The scenario pointed to tight inventories until March 2022 and, as a result, the price rose, sales retreated, especially for hydrous, causing the trend to shift to a loose ending stock.

- At the end of the season, the trend is bearish for hydrous and anhydrous ethanol on the spot market.

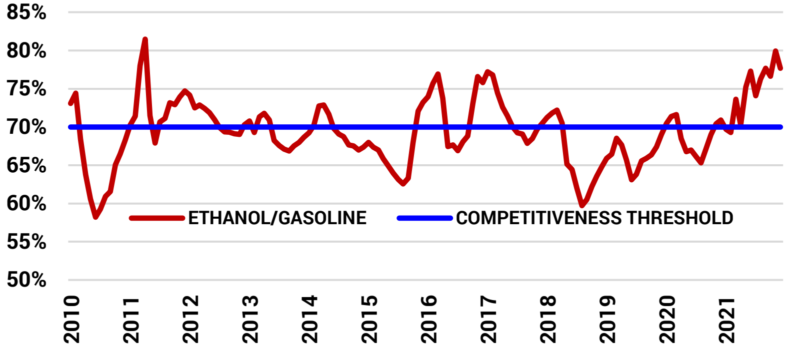
## ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R$/L




## 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$/l | U$/l | R$/l | U$/l |
| 2015/2016 | 1,64 | 0,46 | 1,50 | 0,41 |
| 2016/2017 | 1,79 | 0,55 | 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 | 0,45 |
| 2020/2021 | 2,17 | 0,40 | 1,91 | 0,35 |
| 2021/2022 | 3,65 | 0,68 | 3,15 | 0,59 |
| 30 DAYS CHANGE | -12,0% | -13,7% | -10,8% | -12,6% |
| 12 MO CHANGE | 60,5% | 45,6% | 61,9% | 46,9% |

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