SUGARCANE

2022/2023 OUTLOOK SUMMARY

COGO
intelligence in agribusiness

JANUARY/2022

- In the accumulated of the 2021/2022 harvest, between April 1st and January 1st, 2022, sugarcane crushing accumulates a drop of 12.7%, reaching 521.6 MMT, compared to 597.4 MMT in the same period of the previous year.
- In the accumulated of the 2021/2022 harvest, sugar production reached 32.0 MMT, 16.1% below the same period of the 2020/2021 cycle.
- In the 2021/2022 crop year, ethanol production totaled 26.6 billion liters, 9.3% below the same period in the previous crop, with 10.806 billion liters of anhydrous (up 12.7%) and 15.754 billion liters of hydrous (down 20.1%).
- Rainfall in the Center-South of Brazil between October and December 2021 exceeded normality by 30% and the country should have normal rainfall until March, with emphasis on São Paulo, the main producing state.
- Precipitation is positive for sugarcane production in the region, especially after the break in the previous season due to drought and frost.
- The trend is for the price of ethanol to rise in 2022/2023 and the biofuel should provide a greater return to the mills than sugar, with an average price projected at R$ 3.99 per liter in São Paulo for anhydrous and R$ 3.43 a liter for hydrous: this price difference should encourage an expansion of anhydrous production.

- ➔ There's an expectation of 2% reduction for the sugarcane harvested area in the Center-South of Brazil in the 2022/2023 season, which starts in April 2022. This is due to the renewal of sugarcane fields between January and March 2022.

- ➔ However, if agricultural productivity increases by 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 sugarcane processing of around 565 MMT.

- ➔ The expected increase in productivity would result from increased investments in sugarcane fields and from a more favorable weather.

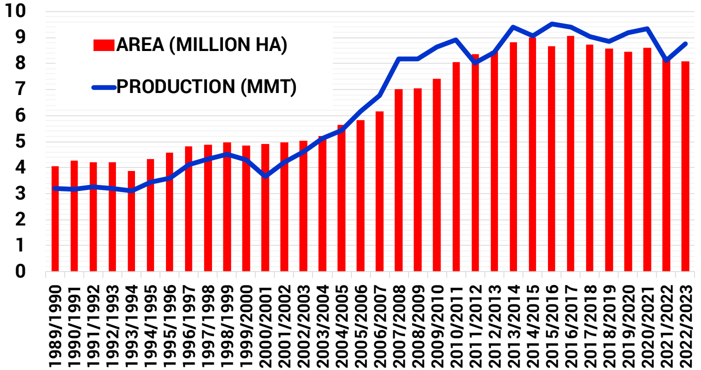
- ➔ In the 2021/2022 harvest, the productivity of the Center-South of Brazil is 69.6 tonnes of sugarcane per hectare, compared to 78.0 tonnes per hectare in the same period of the 2020/2021 season.

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

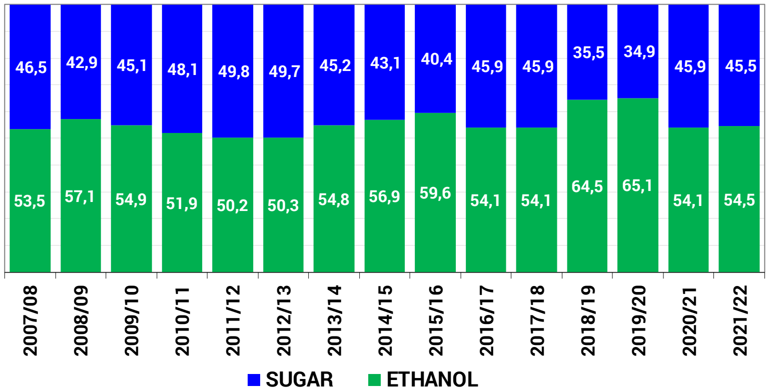
- ➔ If the advance is confirmed, it will be possible to reach 75.5 tonnes of cane per hectare, but there is potential for 85 tonnes per hectare, which should still take one or two more crops to materialize.

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

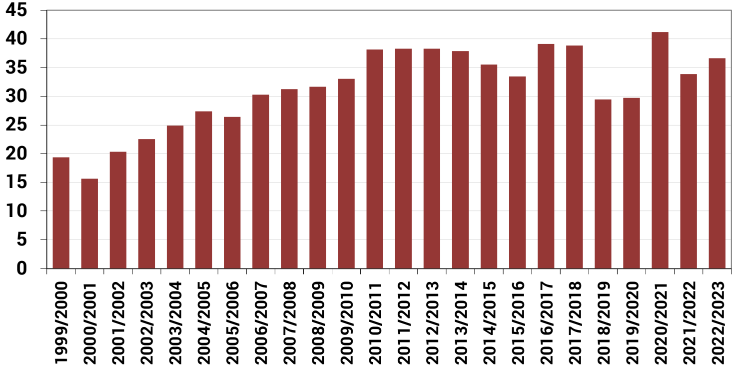
SUGARCANE: BRAZIL AREA AND PRODUCTION



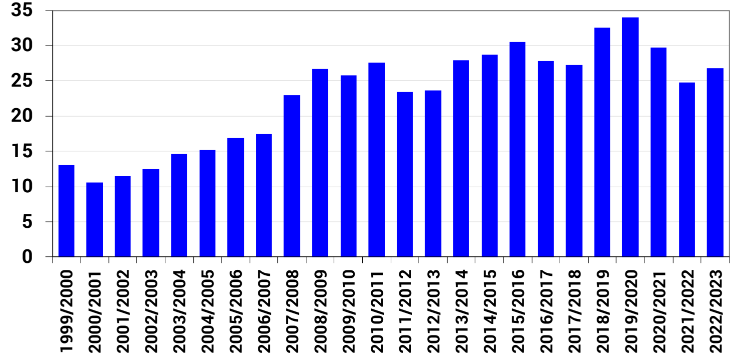
SUGARCANE: BRAZIL MIX EVOLUTION(%)



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$ 151.58 per 50 kg bag, accumulating a decrease of 2.2% in 30 days, but with an increase of 42.6% in the last 12 months.

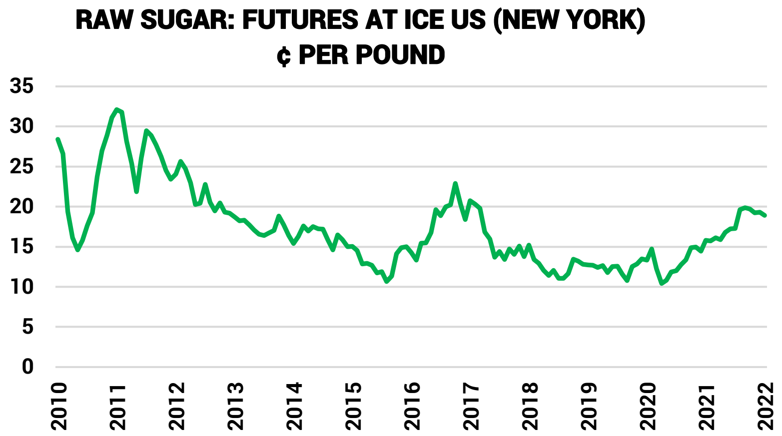
- In New York, the sugar futures contract expiring in March/2022 is quoted close to 19 ¢/lb, accumulating a rise of 20% in the last 12 months.

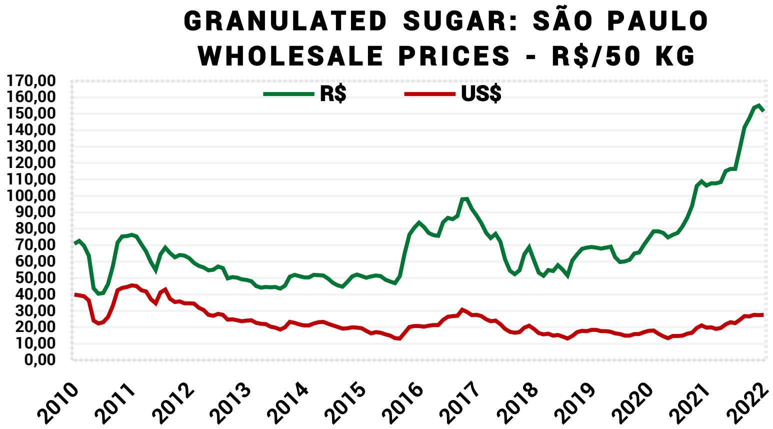
- Negotiations involving crystal sugar on the spot market are at a slow pace, with buyers stocked or with the receipt of contracts already fixed, reducing movement in the spot market.

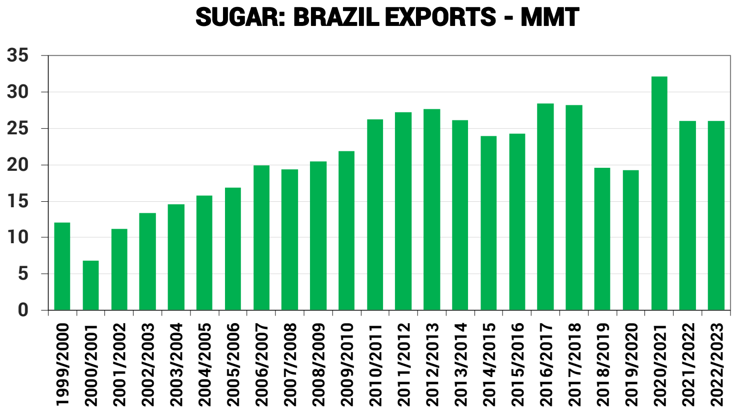
- The sluggish demand this month is also attributed to the decrease in purchases by supermarkets, due to the reduction in the purchasing power of the population.

- Retail sales of candies, soft drinks, cookies and other non-essential products are lower at this beginning of the year, a scenario that was aggravated by the current situation of unemployment and economic slowdown.

- In the international market, raw sugar prices remain sustained on the New York Stock Exchange, due to the strong rise in international oil prices and also due to the expectation of a reduction in global sugar production in the current 2021/2022 world season.


RAW SUGAR: FUTURES AT ICE US (NEW YORK)
¢ PER POUND
35
30
25
20
15
10
5
0
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022


GRANULATED SUGAR: SÃO PAULO
WHOLESALE PRICES - R$/50 KG
R$
US$
170,00
160,00
150,00
140,00
130,00
120,00
110,00
100,00
90,00
80,00
70,00
60,00
50,00
40,00
30,00
20,00
10,00
0,00
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022


SUGAR: BRAZIL EXPORTS - MMT
35
30
25
20
15
10
5
0
1999/2000
2000/2001
2001/2002
2002/2003
2003/2004
2004/2005
2005/2006
2006/2007
2007/2008
2008/2009
2009/2010
2010/2011
2011/2012
2012/2013
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2015/2016
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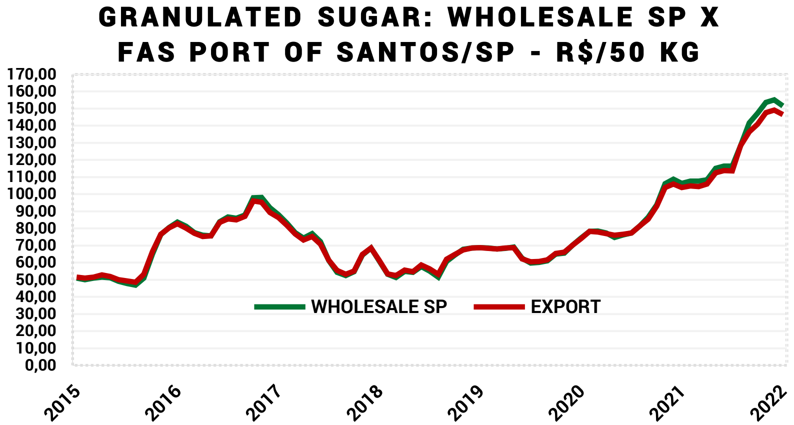
2017/2018
2018/2019
2019/2020
2020/2021
2021/2022
2022/2023


GRANULATED SUGAR: WHOLESALE SP X
FAS PORT OF SANTOS/SP - R$/50 KG
170,00
160,00
150,00
140,00
130,00
120,00
110,00
100,00
90,00
80,00
70,00
60,00
50,00
40,00
30,00
20,00
10,00
0,00
WHOLESALE SP
EXPORT
2015
2016
2017
2018
2019
2020
2021
2022

- The price of hydrous ethanol FOB mills in São Paulo is quoted, on average, at R$ 3.30/liter (without ICMS and without PIS/Cofins), a decrease of 1.7% in 30 days, but up 59 .3% in 12 months.

- Anhydrous ethanol FOB São Paulo plants is quoted, on average, at R$ 3.83/liter (without PIS/Cofins), a decrease of 1.3% in the last 30 days, but up 57.5% in the last 12 months.

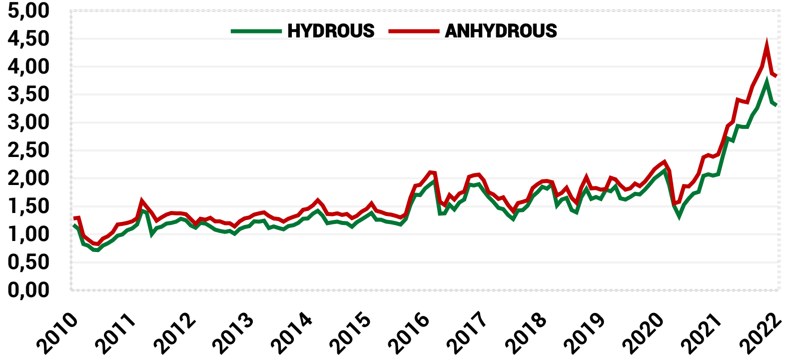
- In the accumulated of the 2021/2022 harvest, between April 1st and January 1st, 2022, the total volume of ethanol sold by the plants in the Center-South show a decrease of 9.3%, to 21.1 billion liters, with a decrease of 41.3% of exports.

- Despite the retraction in the supply of sugarcane, the current high levels of ethanol stocks are expected to easily supply the market in the coming months of the off-season.

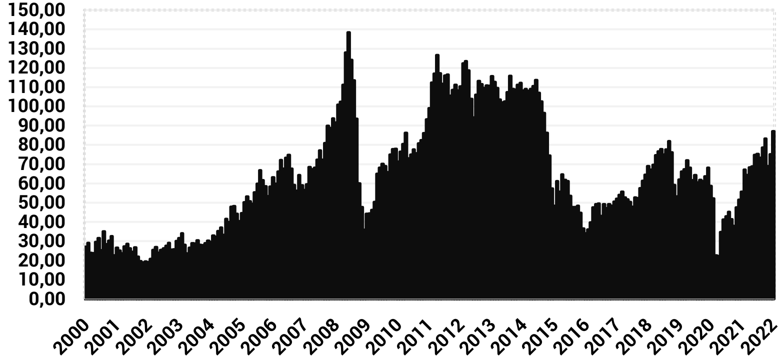
- The price of hydrous ethanol is falling due to weak demand. Not even the rise in oil prices on the international market, which could potentially lead to an increase in the price of gasoline, is able to sustain biofuel prices.

- The mills, with high volumes in tanks, are selling at lower prices than in previous weeks and, even with the lower values, sales remain sluggish.

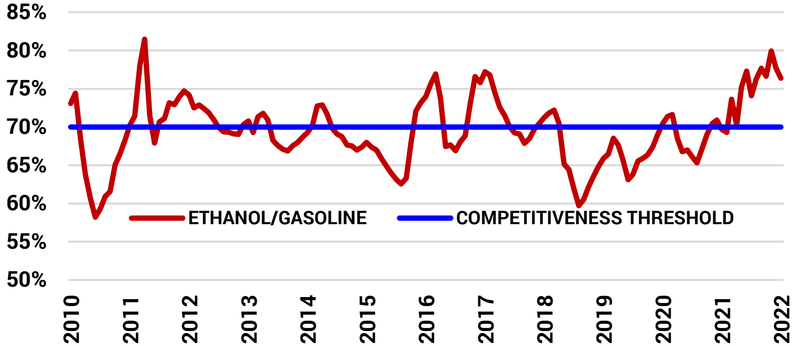
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R$/L



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	3,67	0,68	3,17	0,59
30 DAYS CHANGE	-1,3%	1,8%	-1,7%	1,3%
12 MO CHANGE	57,5%	54,0%	59,3%	55,7%

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