

SUGARCANE

2022/2023 OUTLOOK SUMMARY

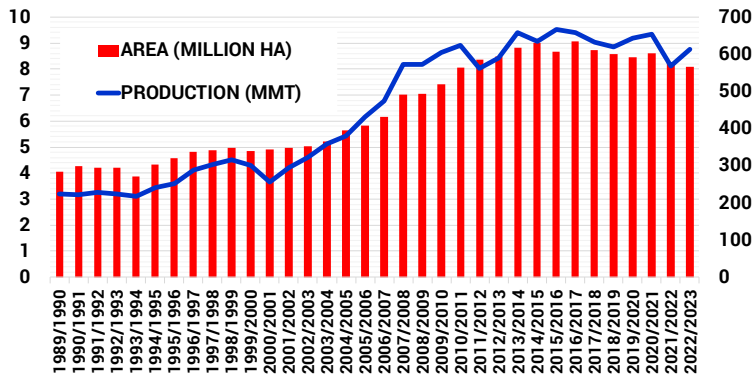


FEBRUARY/2022

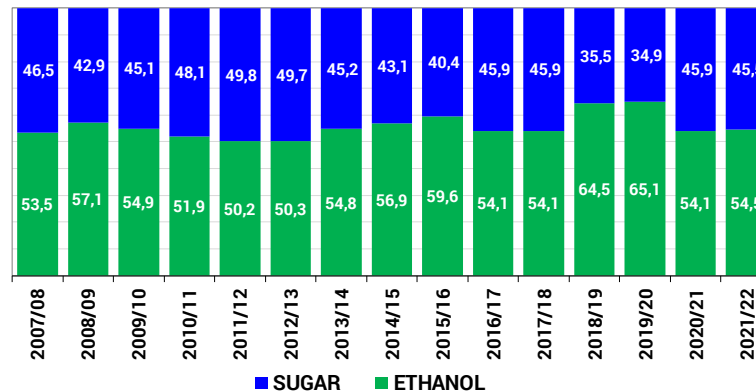


- In the 2021/2022 harvest, between April 1st and February 16th, 2022, sugarcane crushing accumulates a drop of 12.8%, reaching 521.6 MMT, compared to 598.1 MMT in the same period of the previous year.
- In the accumulated of the 2021/2022 harvest, sugar production reached 32.0 MMT, 16.2% below the same period of the 2020/2021 cycle.
- In the 2021/2022 crop year, ethanol production totaled 27.0 billion liters, 8.9% below the same period in the previous crop, with 10.9 billion liters of anhydrous (up 12.4%) and 16.1 billion liters of hydrous (19.2% decrease).
- In the next 2022/2023 season, which officially begins on 04/1/2022, the Center-South region of Brazil is expected to process up to 560 MMT of sugarcane.
- The rains in the Center-South are good in general and there should be a recovery in productivity, but a lot of sugarcane suffered last year with drought.
- Although there are estimates of larger volumes, crushing should not exceed 560 MMT, because the climatic stress was very high in the 2021/2022 harvest.
- The most capitalized mills will have to replant a larger area than previously planned due to the problems of the season that is ending.

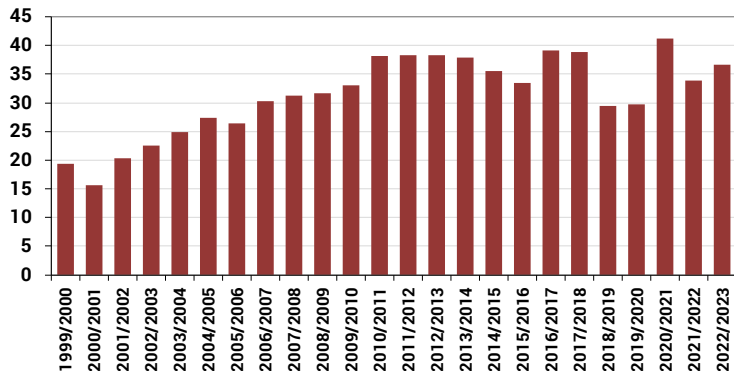
SUGARCANE: BRAZIL AREA AND PRODUCTION



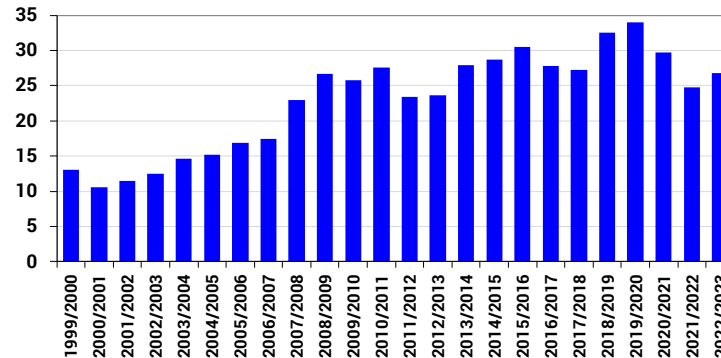
SUGARCANE: BRAZIL MIX EVOLUTION(%)



SUGAR: BRAZIL PRODUCTION - MMT



ETHANOL: BRAZIL PRODUCTION - BILLION L



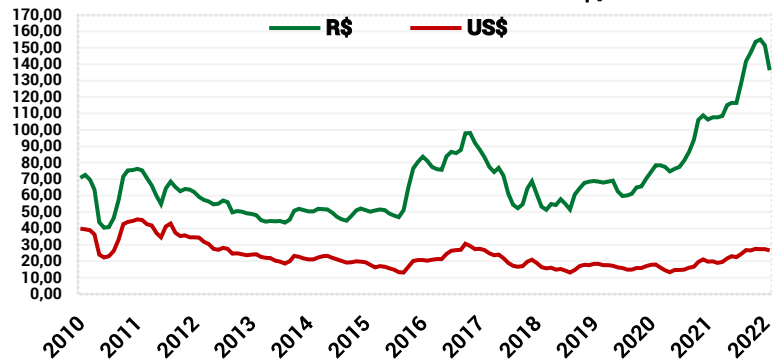
- The CEPEA/ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 136.21 per 50 kg, accumulating a decrease of 10.1% in 30 days, but with an increase of 26.5% in the last 12 months.
- In New York (ICE US), the sugar futures contract expiring in March/2022 is quoted at 18.30 ¢/lb, accumulating a rise of 16.6% in the last 12 months.
- When the negotiation involves the ICUMSA 180 crystal and the volumes are more expressive, the mills are more flexible in lowering the asking prices, but when the demand is for the ICUMSA 150, the values remain firm, due to the low supply.

- On the New York Stock Exchange, raw sugar prices are sustained, showing small variations.
- The market is pressured by prospects of improved sugar production in Brazil, India and Thailand, but, on the other hand, prices are supported by the weaker dollar against the Real and by the high prices of oil.
- The fixation of sugar exports for the next 2022/2023 harvest reach 16.3 MMT, which represents 64% of the total that must be shipped by Brazil, compared to 81% in the previous year, with an average fixation value of 16, 75 cents per pound, without the polarization premium.

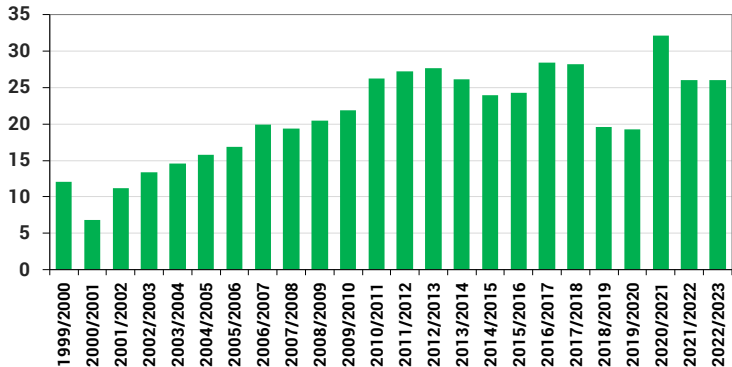
RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



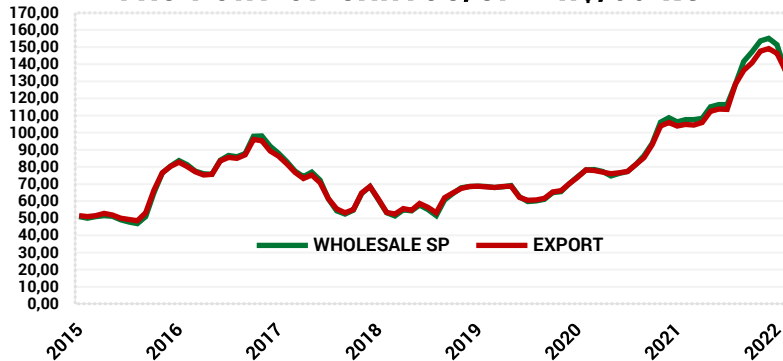
GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG



SUGAR: BRAZIL EXPORTS - MMT

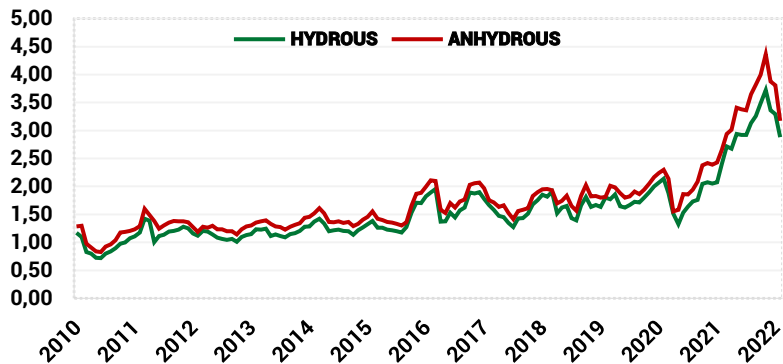


GRANULATED SUGAR: WHOLESALE SP X FAS PORT OF SANTOS/SP - R\$/50 KG

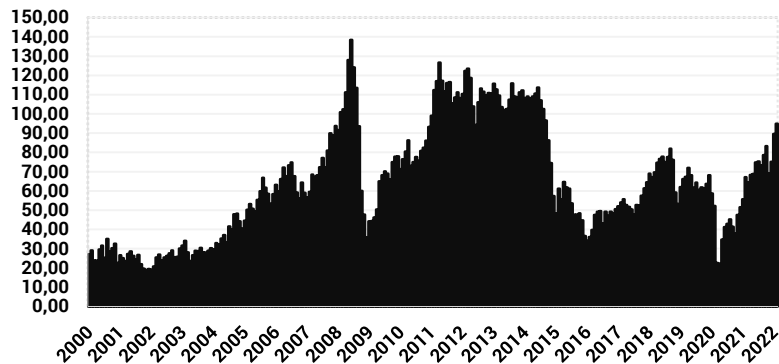


- The price of hydrous ethanol FOB mills in São Paulo is quoted, on average, at R\$ 2.88/liter (without ICMS and without PIS/Cofins), with a strong drop of 12.5% in 30 days, but with an increase of 19.9% in 12 months.
- Anhydrous ethanol FOB São Paulo plants is quoted, on average, at R\$ 3.18/liter (without PIS/Cofins), with a strong decrease of 16.6% in the last 30 days, but an increase of 19.6% in the last 12 months.
- In the 2021/2022 crop year (April 1 to February 16, 2022), the total volume of ethanol sold by plants in the Center-South registers a drop of 11.8%, to 24.0 billion liters, with a decrease of 40.9% of exports.
- The ethanol market registers low changes, with purchases already closed in previous periods and distributors in the state of São Paulo with little need to acquire new volumes on the spot.
- Another factor that is delaying new purchases is the expectation of greater transfer of devaluations in the producer segment to pumps: this scenario could favor the consumption of biofuel.
- Lower prices and increased competitiveness against gasoline tend to boost biofuel consumption, however, as Brazilian consumer purchasing power remains low, demand for fuels as a whole should remain stable this year.

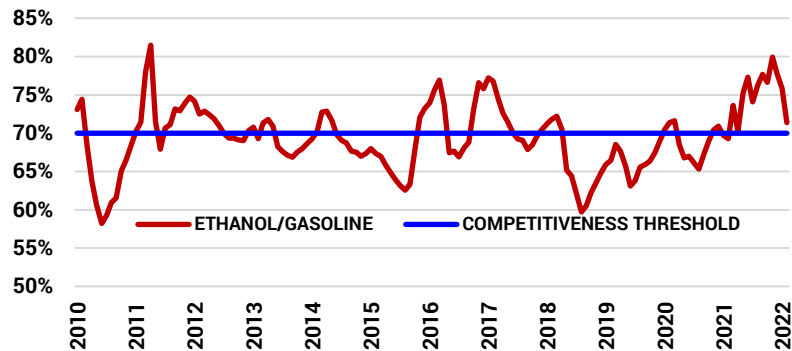
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



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	1,64	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	3,62	0,68	3,14	0,59
30 DAYS CHANGE	-16,6%	-9,9%	-12,5%	-5,4%
12 MO CHANGE	19,6%	26,5%	19,9%	26,8%



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