SUGARCANE

2022/2023 OUTLOOK SUMMARY

APRIL/2022

COGO intelligence in agribusiness

- The 2021/2022 crop in the Center-South of Brazil, ended on 03/31/2022, registered a total crushing of 523.1 MMT, a decrease of 13.6% compared to the previous season (2020/2021 crop).

- At the end of the 2021/2022 harvest, sugar production reached 32.0 MMT, 16.6% lower than that recorded in the 2020/2021 cycle.

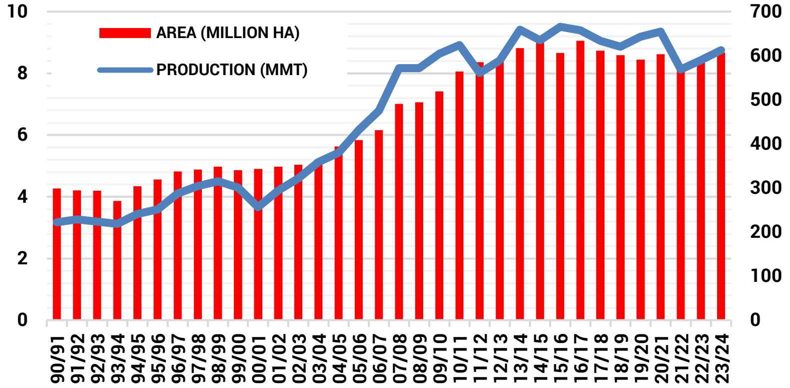
- The total production of ethanol in the Center-South of Brazil totaled 27.5 billion liters in the 2021/2022 harvest, 9.3% below the previous season (2020/2021), with 10.9 billion liters of anhydrous (high of 12.6%) and 16.6 billion liters of hydrous (19.5% decrease).

- The main decline in crushing in the Center-South region of Brazil was in São Paulo (-16.5%), which had a loss of 1.4% in harvested area and 15.1% in average productivity.

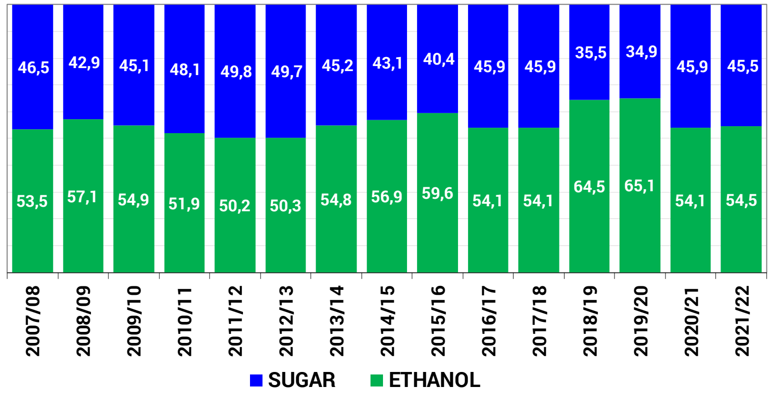
- This reduction in productivity was a consequence of the prolonged summer season in the producing regions, the frost that affected more than 10% of the harvest area and the fire outbreaks in September.

- The production mix in 2021/2022 was slightly more alcoholic than in the previous year: the share of sugarcane dedicated to ethanol rose from 53.93% to 54.98% and the share for sugar fell from 46.07% to 45.02%. Total Recoverable Sugar (TRS), which measures cane quality, dropped 1.3%, from 144.7 Kg to 142.9 Kg/t.

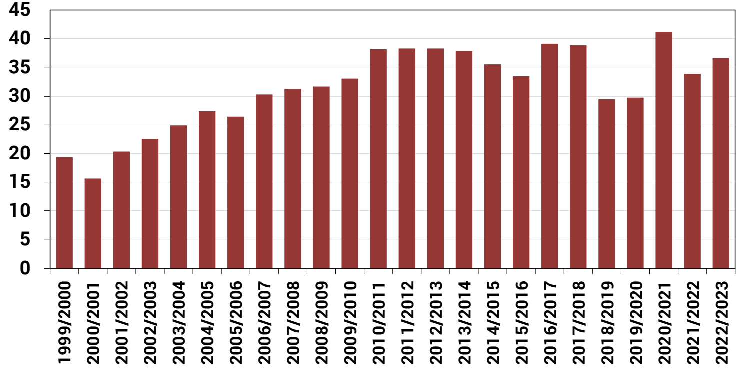
SUGARCANE: BRAZIL AREA AND PRODUCTION



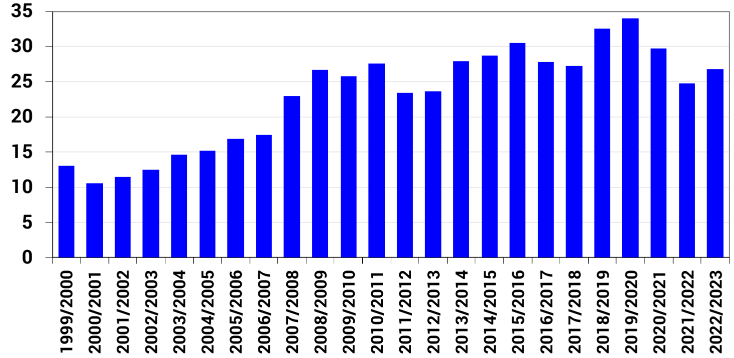
SUGARCANE: BRAZIL MIX EVOLUTION(%)



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$ 142.48 per 50 kg, accumulating a rise of 3.5% in the last 30 days and 31.5% in the last 12 months.

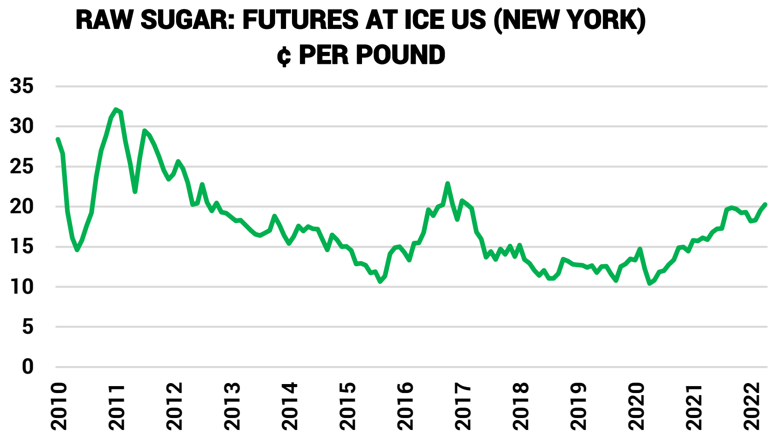
- In New York (ICE US), the sugar futures contract expiring in May/2022 is sustained above 20 cents/lb, accumulating a high of 27.6% in 12 months.

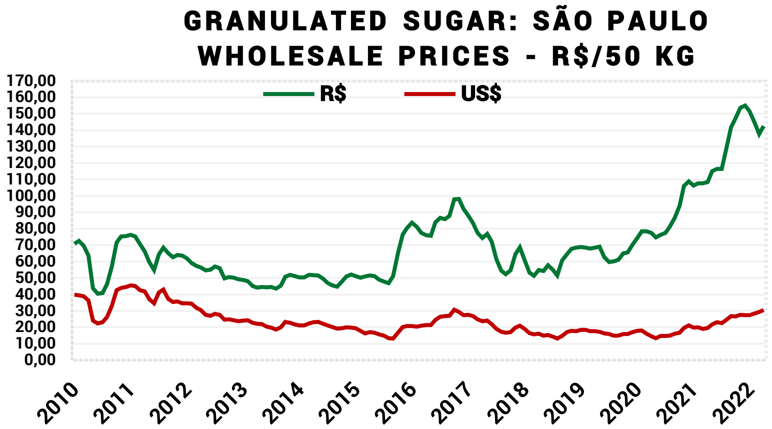
- In this initial period of the 2022/2023 harvest, the production of crystal sugar has not yet gained dimension, as mills start the season producing VHP type sugar and ethanol, holding firm wholesale prices.

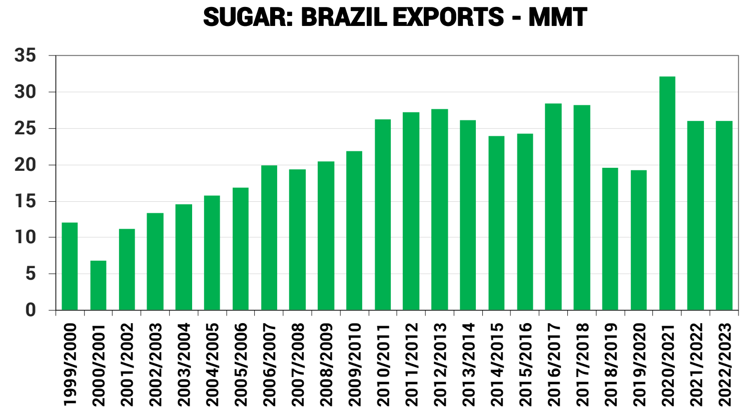
- In São Paulo, sugar sales on the spot market paid 18.9% more than foreign sales.

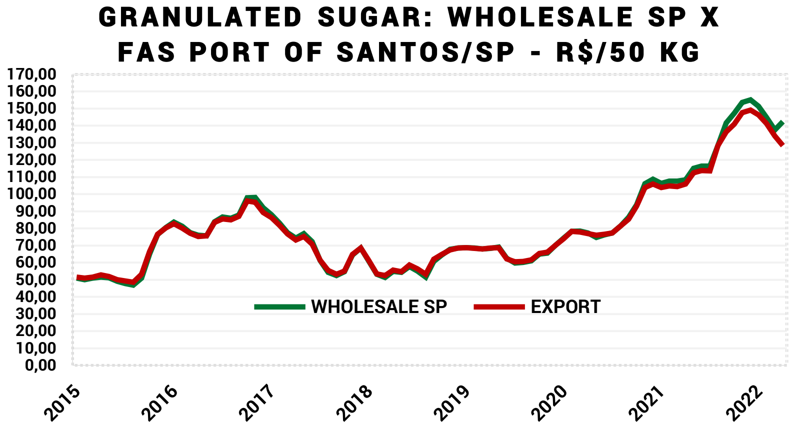
- The productions of Thailand and India should register a significant improvement in the current world season (2021/2022), but, on the other hand, the high world prices of oil and the delay in the beginning of the sugarcane harvest (2022/2023) in the Center-South Region of Brazil limit the downward movement of future sugar prices on the New York Stock Exchange.

- The trend is for stability for domestic sugar prices in the short term, but as crushing and supply advance, and with the Real appreciating against the dollar, there will be greater downward pressure on prices.


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
2013/2014
2014/2015
2015/2016
2016/2017
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$ 3.84/liter (without ICMS and without PIS/Cofins), with a strong increase of 17.2% in 30 days and 43.4 % in the last 12 months.

- ➔ Anhydrous ethanol FOB mills in São Paulo is quoted, on average, at R$ 4.08/liter (without PIS/Cofins), with a strong increase of 8.5% in the last 30 days and 35.6% in the accumulated last 12 months.

- ➔ The supply of hydrous and anhydrous ethanol is still low: a small number of plants are in operation in this season beginning and current rains also harden going into the field for sugarcane harvesting.

- ➔ Consequently, in many cases, product deliveries by the mills are carried out on a regular basis, which is normal for the beginning of the harvest.

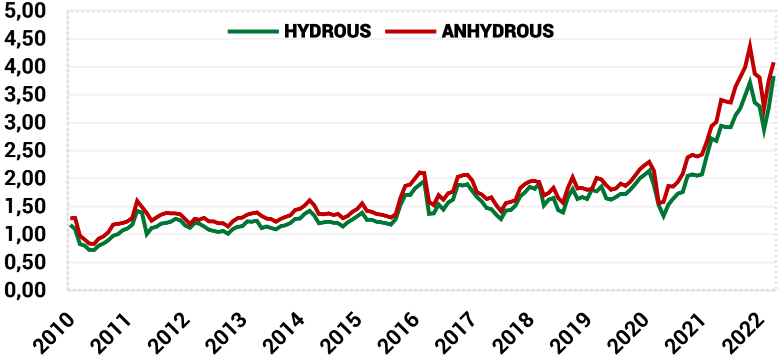
- ➔ Some distributors acted strongly to close new business, motivated by the holidays in April.

- ➔ Even with the readjustments in the pumps and with hydrated ethanol above R$ 5.00 per liter at the stations, the distributors had the need for new purchases.

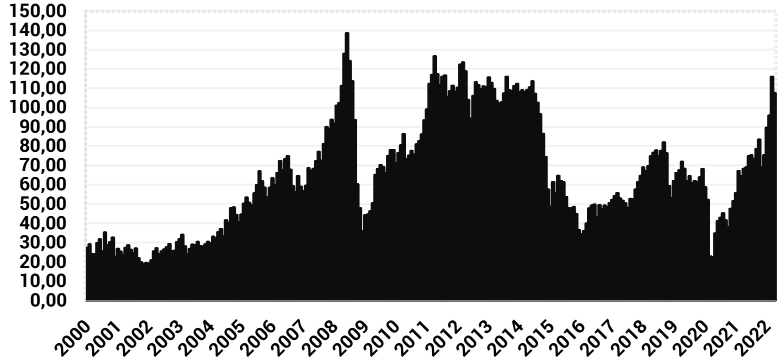
- ➔ In terms of relative prices, the value of anhydrous ethanol is only 2.0% higher than that of hydrous ethanol in São Paulo, while the price of sugar is 7.9% higher than that of anhydrous and 10.0% higher than that of hydrous.

.

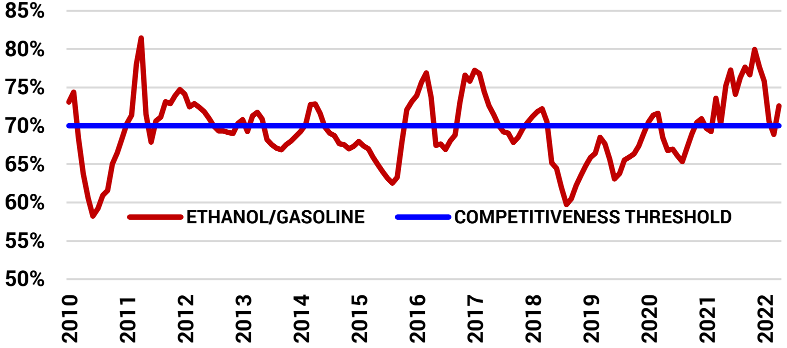
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R$/L



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	3,64	0,69	3,16	0,60
30 DAYS CHANGE	8,5%	9,2%	17,2%	17,9%
12 MO CHANGE	35,6%	61,5%	43,4%	70,8%

+55 51 3248 1117

+55 51 999 867 666

www.carloscogo.com.br/en

consultoria@carloscogo.com.br

@cogointeligencia

COGO

intelligence in agribusiness