

# SUGARCANE

2022/2023 OUTLOOK SUMMARY



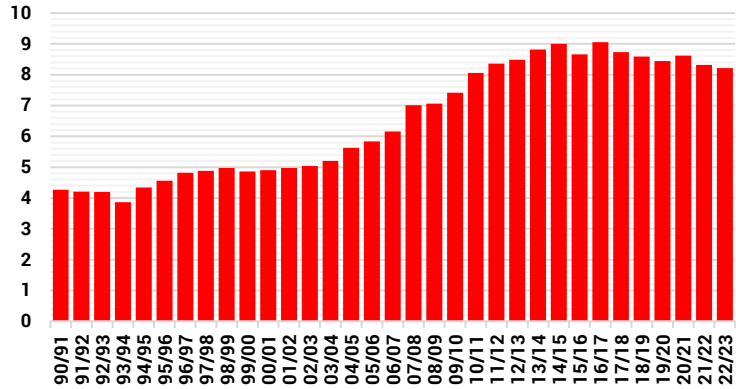
JUNE/2022



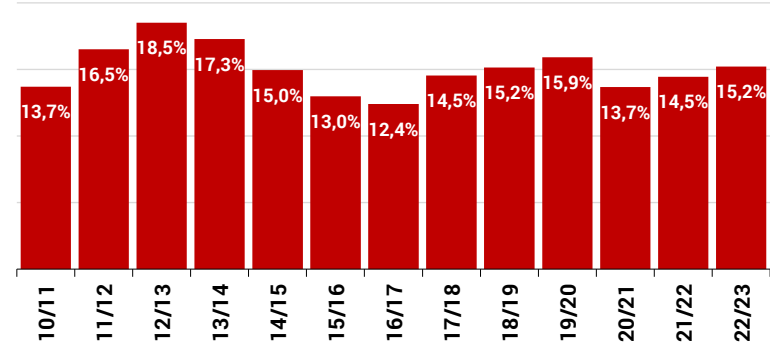
- Sugarcane crushing in the Center-South of Brazil reached 107.1 MMT in the first 2 months of the 2022/2023 harvest (April and May), a decrease of 17.8% compared to 130, 4 MMT registered in the same period of the previous harvest.
- As of June 1, 248 plants were in operation, compared to 249 units in the same period of the 2021/2022 cycle.
- In the accumulated of the 2022/2023 harvest, sugar production was 5.05 MMT, a decrease of 29.7% compared to the previous cycle (7.19 MMT).
- In the 2022/2023 crop year, ethanol production reached 5.17 billion liters (-12.2%), of which 3.56 billion liters were hydrous ethanol (-11.9%) and 1.61 billion liters of anhydrous ethanol (-12.9%).
- The quality of the harvested raw material, measured in Kg of Total Recoverable Sugar (TRS) per tonne of processed sugarcane, showed a retraction of 4.9%, with the indicator reaching 122.1 Kg of TRS per tonne.
- The production units continue to prioritize the production of ethanol and the production mix in the accumulated of the 2022/2023 crop so far is 59.5% for the production of ethanol - compared to 54.9% in the previous crop -, with only 40, 5% for sugar production.



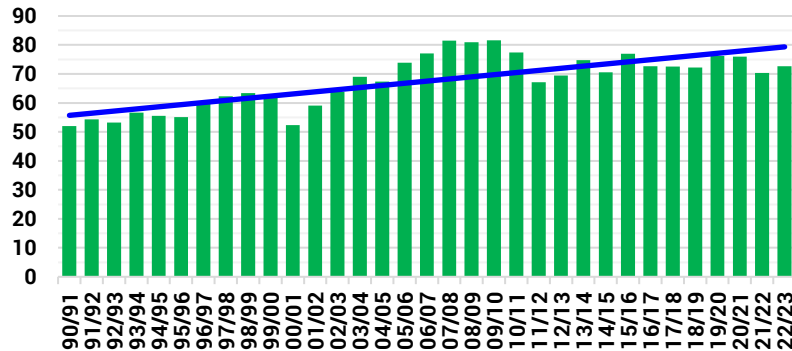
### SUGARCANE: BRAZIL AREA AND PRODUCTION



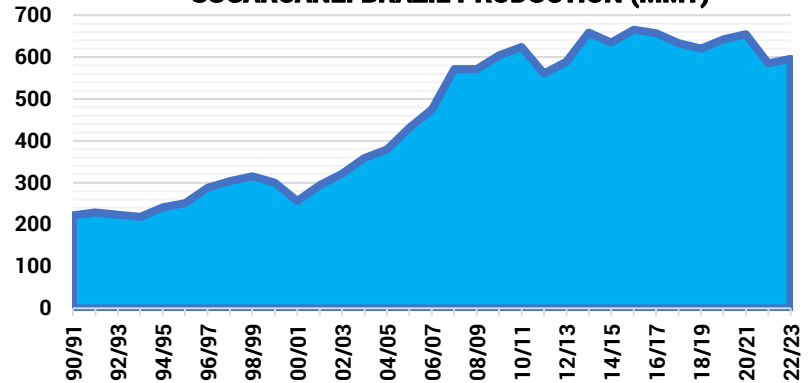
### SUGARCANE: RENOVATION AREAS % OF TOTAL AREA



### SUGARCANE: AVERAGE YIELD (T/HA)



### SUGARCANE: BRAZIL PRODUCTION (MMT)

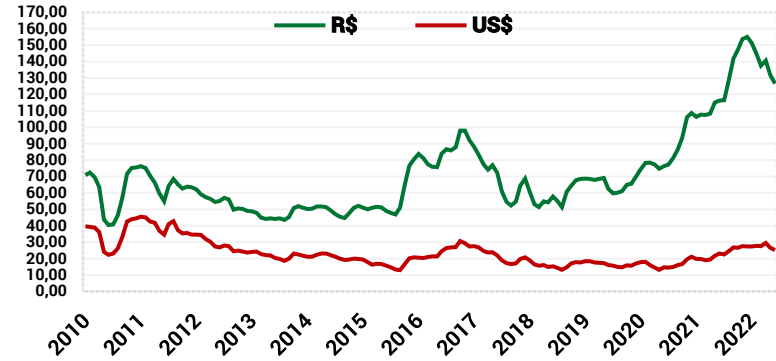


- The CEPEA/ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 126.71 per 50 kg, with a decrease of 3.9% in the last 30 days, but with an increase of 8.9 % in 12 months.
- The drop in prices is linked to the flexibility of some mills, which lowered their offers, especially for ICUMSA 180 crystal, with greater volume available for spot negotiations, while the supply of ICUMSA 150 remains restricted.
- In New York (ICE US), the demerara sugar futures contract maturing in July/2022 is quoted around 19 ¢/lb, accumulating an increase of 8.5% in 12 months.
- Uncertainties related to the prospect of tax changes in the Brazilian fuel market have put pressure on demerara values in New York.
- If such changes occur, Brazilian mills are expected to increase their sugar production mix, as ethanol may become less competitive.
- Another factor influencing the drop in global prices is production in India, which could reach a record 36 MMT in the 2021/2022 world season.
- Inflation and high interest rates discourage industries from producing sugar, as retail purchases retract and the cost of carrying inventories increases.

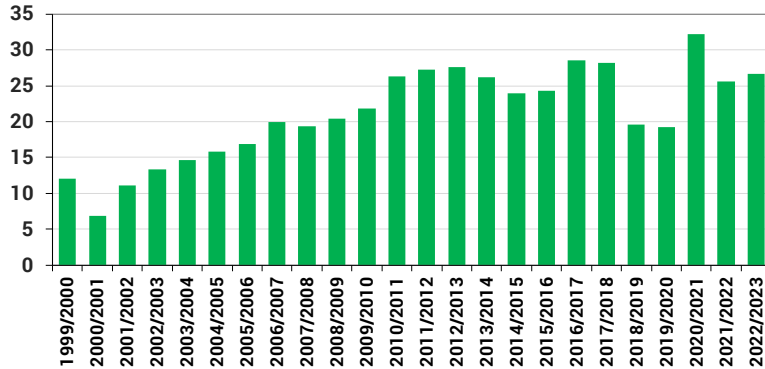
**RAW SUGAR: FUTURES AT ICE US (NEW YORK)**  
¢ PER POUND



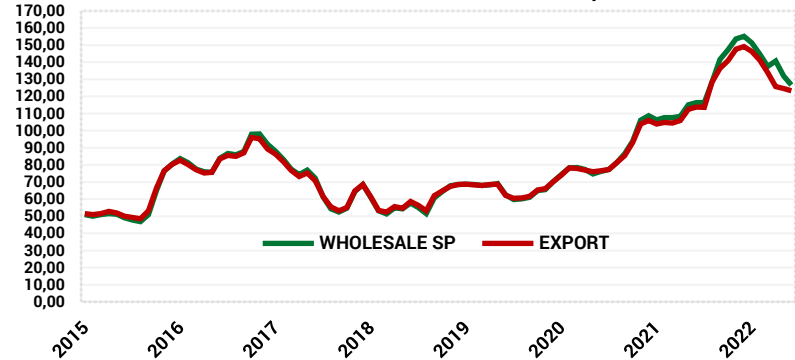
**GRANULATED SUGAR: SÃO PAULO**  
WHOLESALE PRICES - R\$/50 KG



**SUGAR: BRAZIL EXPORTS - MMT**

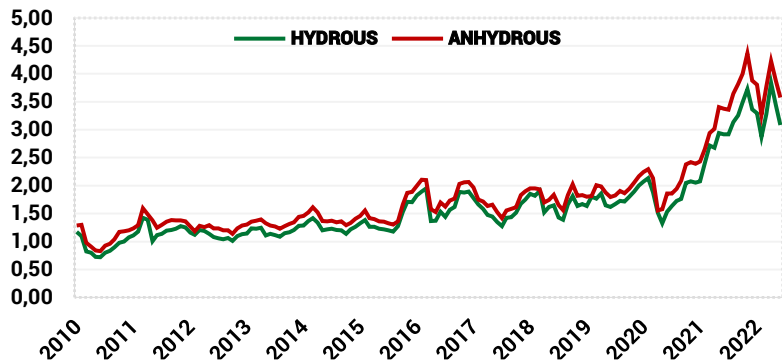


**GRANULATED SUGAR: WHOLESALE SP X**  
FAS PORT OF SANTOS/SP - R\$/50 KG

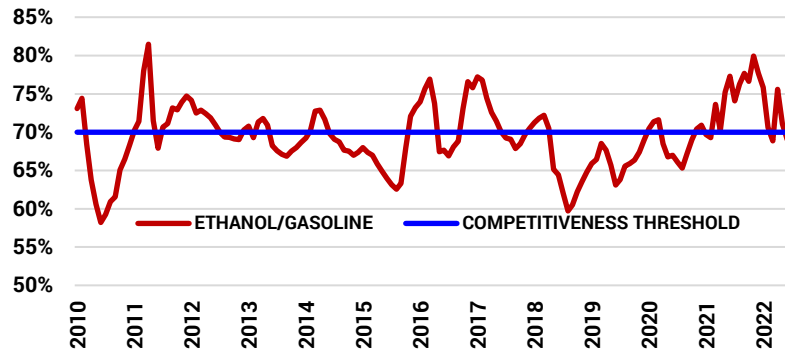


- The price of hydrous ethanol FOB mills in São Paulo is quoted, on average, at R\$ 3.08/liter (without ICMS and without PIS/Cofins), a decrease of 10.2% in 30 days, but with an increase of 5.6% in 12 months.
- Anhydrous ethanol FOB mills in São Paulo is quoted, on average, at R\$ 3.57/liter (without PIS/Cofins), with a decrease of 7.7% in the last 30 days, but with an increase of 5.8% in the accumulated over the last 12 months.
- The small demand for ethanol and the uncertainty of the tax change that limits the ICMS on fuels (ethanol and gasoline) to 17%, under discussion by the government, are slowing the ethanol market.
- This is especially the case in states that may have an impact with this change and, thus, a good part of buyers continue to purchase only small volumes.
- Industry players are concerned about the impact that the proposed constitutional amendment 16, the 'PEC dos Combustíveis', has on the competitiveness of ethanol in relation to gasoline, which could lead to a reduction in the consumption of biofuel and the need to import more gasoline, whose global prices remain high and out of step with the domestic market.
- The proposal from the ethanol sector is that an adjustment be made to PEC 16 so that ICMS rates for ethanol can also be zeroed.

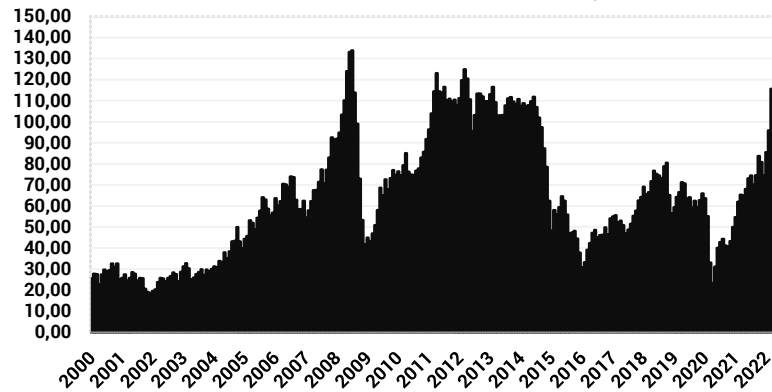
## ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



## HYDROUS ETHANOL COMPETITIVENESS IN RELATION TO GASOLINE – BRAZIL AVERAGE



## BRENT OIL: AVERAGE PRICE – US\$/BARREL



## 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	3,64	0,68	3,16	0,59
30 DAYS CHANGE	-7,7%	-9,0%	-10,2%	-11,6%
12 MO CHANGE	5,8%	5,9%	5,6%	5,7%



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