

SUGARCANE

2023/2024 OUTLOOK SUMMARY



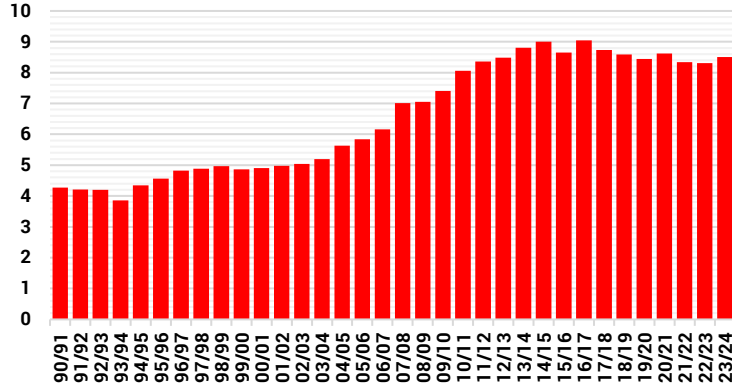
APRIL/2023



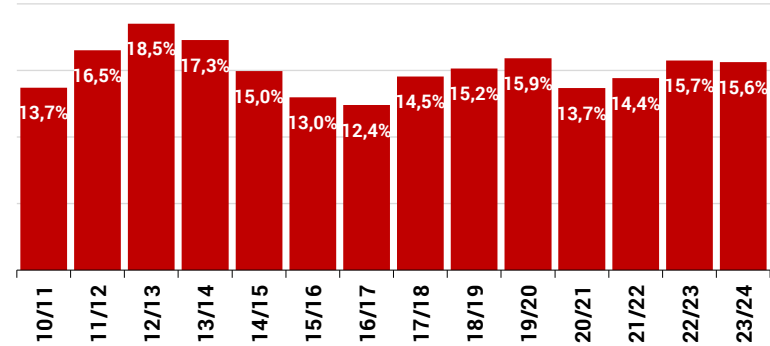
- Sugarcane crushing in the Center-South of Brazil ended the 2022/2023 harvest, on 03/31/2023, with a crushing of 548.3 MMT, 4.6% above that recorded in the same period of the 2021/2022 season.
- The average agricultural productivity, in the 2022/2023 harvest, was 73.3 tonnes of sugarcane per hectare, according to data from the Sugarcane Technology Center (STC), an increase of 8.1% compared to the previous cycle.
- The productivity gain is a result of the better weather conditions observed in the harvest, especially in the summer months in 2022.
- According to the latest survey on the 2022/2023 sugarcane harvest, the season ended on 03/31/2023 with production of 610.1 MMT, growth of 5.4% compared to the previous season 2021/2022 (578.8 MMT).
- Productivity recovered in the main producing states, influenced by the more favorable climate in this cycle, which compensated for the smaller area harvested compared to the previous season.
- National productivity is estimated at 73,609 kg / ha, 6.1% higher than that obtained in the 2021/2022 season, when the weather was even more adverse for the sugar and alcohol sector.

- Mills are expected to expand sugar production in this new 2023/2024 season, as the productivity of the cycle will surpass that of 2022/2023, which has already shown recovery compared to 2021/2022.
- For this year, however, industries are monitoring the possibility of the El Niño phenomenon occurring in the second half of the year, which would change the rainfall regime precisely at the peak of the sugar season, between July and September.
- The El Niño phenomenon is characterized by the abnormal heating of surface waters in the Pacific Ocean, causing more precipitation in producing areas in the Center-South region of Brazil.
- El Niño could extend the harvest period and reduce the level of sucrose in sugarcane.
- El Niño is a point of attention because it influences the harvest period and, depending on weather conditions and the highest possible rainfall for the year, the 2023/2024 harvest may extend beyond the planned period.
- Although El Niño is a warning point, the intensity with which the phenomenon will reach the country is still uncertain and the industries point out that at least the combination of drought and frost, which harmed the productivity of the 2021/2022 harvest, seems to have been overcome throughout the 2022/2023 season, ended on 03/31/2023.

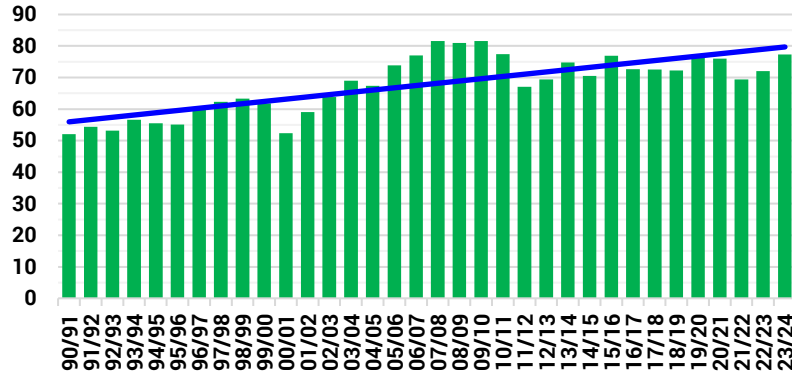
SUGARCANE: BRAZIL AREA AND PRODUCTION



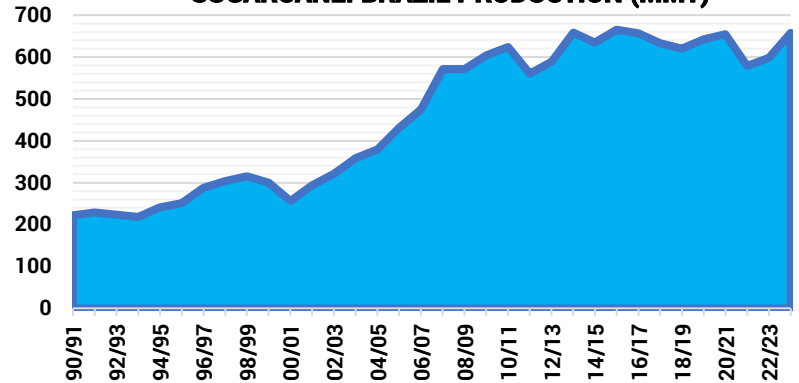
SUGARCANE: RENOVATION AREAS % OF TOTAL AREA



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\$ 142.05 per 50 kg, accumulating an increase of 5.5% in the last 30 days and 1.0% in 12 months .
- The support comes from the restricted supply of sugar at the beginning of the 2023/2024 harvest, with half of the mills already starting milling, producing a greater amount of VHP sugar and ethanol, common at the beginning of the harvest.
- On the New York Stock Exchange (ICE US), demerara sugar contracts remain sustained and operate above 24 ¢ per pound, accumulating a 12% increase in the last 30 days.
- On the New York Stock Exchange, production problems in important countries have been sustaining demerara sugar prices.
- Thailand's harvest dropped by 1 MMT, due to excessive rainfall, while India is ending the harvest early, also due to climate problems.
- Mills in the Center-South of Brazil are expected to produce more sugar in the 2023/2024 season, with the projection of an increase in sugarcane productivity, record sugar prices on the New York Stock Exchange and limited supply after the crop failure in India, raising the competitiveness of the Brazilian product in the foreign market.

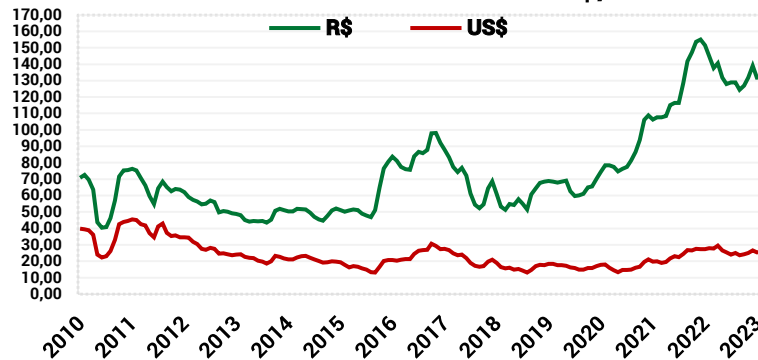
RAW SUGAR: FUTURES AT ICE US (NEW YORK)

¢ PER POUND

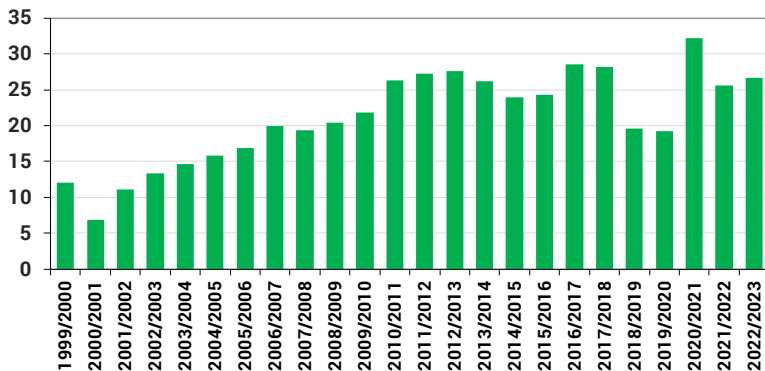


GRANULATED SUGAR: SÃO PAULO

WHOLESALE PRICES - R\$/50 KG

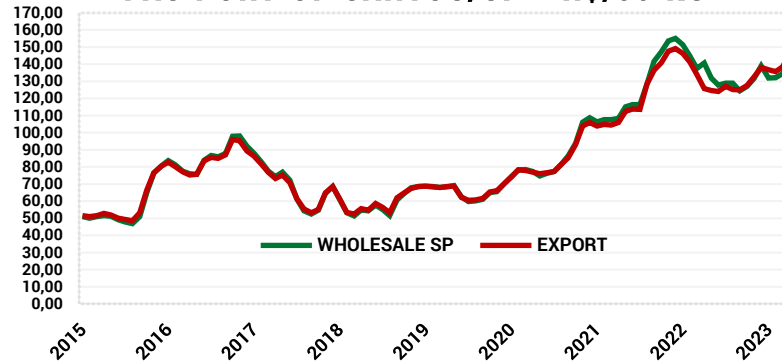


SUGAR: BRAZIL EXPORTS - MMT



GRANULATED SUGAR: WHOLESALE SP X

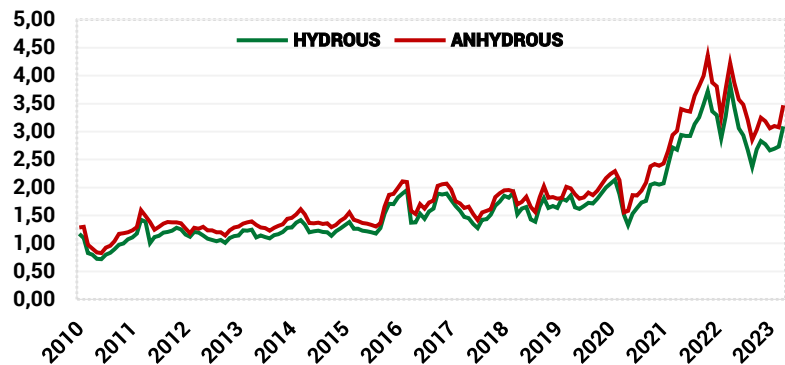
FAS PORT OF SANTOS/SP - R\$/50 KG



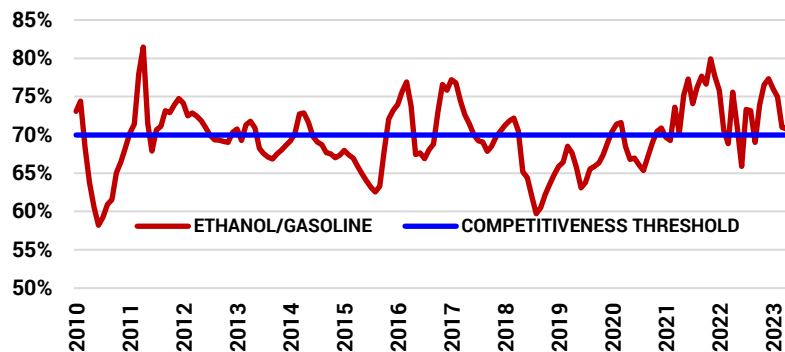
- The price of hydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 3.09/liter (without ICMS and without PIS/Cofins), with an increase of 13.1% in the last 30 days, but a decrease of 19.5% in 12 months.
- The price of anhydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 3.47/liter (without PIS/Cofins), up 13.0% in the last 30 days, but down 17.9% in the last 12 months.
- The continuation of rains in the main producing regions of the Center-South of the country continues to support the prices of biofuels – but, in the coming weeks, weather forecasts is favorable.

- With the precipitation, most of the mills that have already started grinding for the 2023/2024 season are experiencing difficulties in removing the raw material from the field and, consequently, in the production of ethanol.
- The heating up of business involving hydrous and anhydrous also supports prices, given the greater participation of distributors of different sizes in the spot market.
- On the demand side, buyers are focused on mills that still have product in tanks, even observing queues of trucks to remove the biofuel from units that have returned to grinding in recent days.

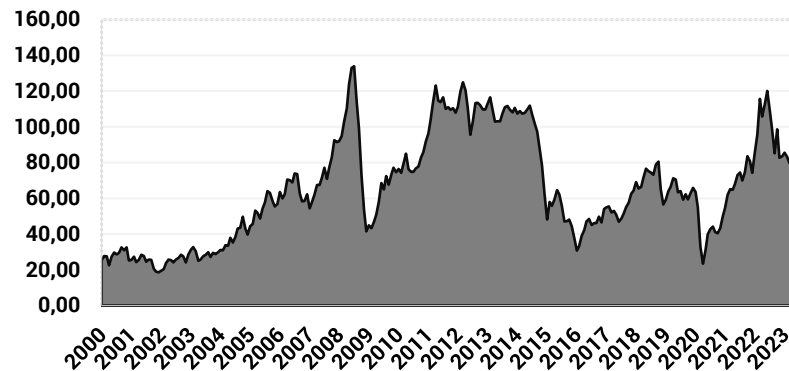
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



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
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
2022/2023	3,33	0,65	2,89	0,56
30 DAYS CHANGE	13,0%	15,8%	13,1%	16,0%
12 MO CHANGE	-17,9%	-23,1%	-19,5%	-24,7%



+55 51 3248 1117
+55 51 999 867 666



www.carloscogo.com.br/en



consultoria@carloscogo.com.br



@cogointeligencia

