

# SUGARCANE

2023/2024 OUTLOOK SUMMARY

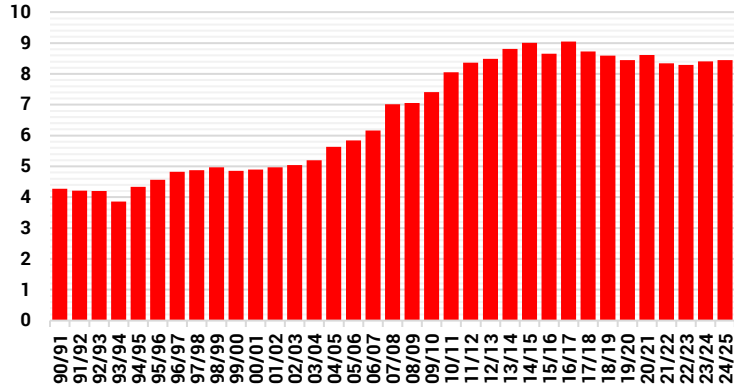


JUNE/2023

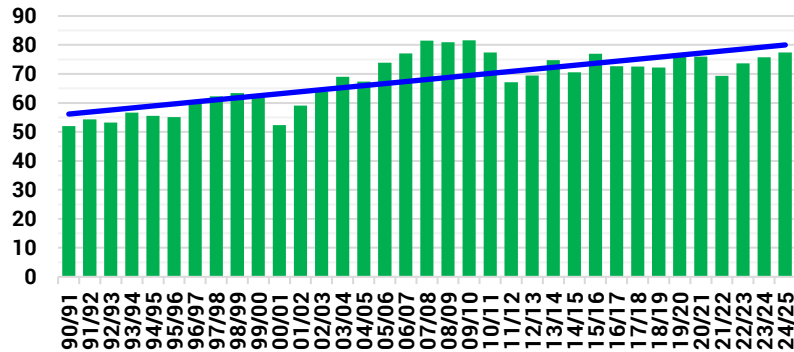


- Sugarcane crushing in the Center-South of Brazil reached 125.4 MMT in the 2023/2024 harvest, between 04/1/2023 to 06/1/2023, a significant increase of 16.7% compared to the registered in the same period of the 2022/2023 season.
- The progress observed for sugarcane processing compared to the past harvest is due to the unfavorable weather conditions that harmed agricultural productivity in the Center-South during the two previous harvest cycles.
- 245 units are processing sugarcane in the current 2023/2024 harvest, compared to 252 in the same period of the past harvest.
- Considering the 2020/2021 harvest as a reference (the last cycle in which sugarcane crushing exceeded 600 MMT), there is a negative variation of 13.8% (20 MMT).
- If the expectation of surpassing the 600 MMT mark comes to fruition, it is necessary that this lag be compensated, either by the good harvest rhythm in drier months, or by extending the harvest that will enter the month of December 2023, or bring forward the start of the next cycle to March 2024.
- The accumulated level of Total Recoverable Sugars (TRS), in the current harvest, reaches 124.49 Kg of TRS per tonne of cane, an increase of 1.9% compared to the previous cycle.

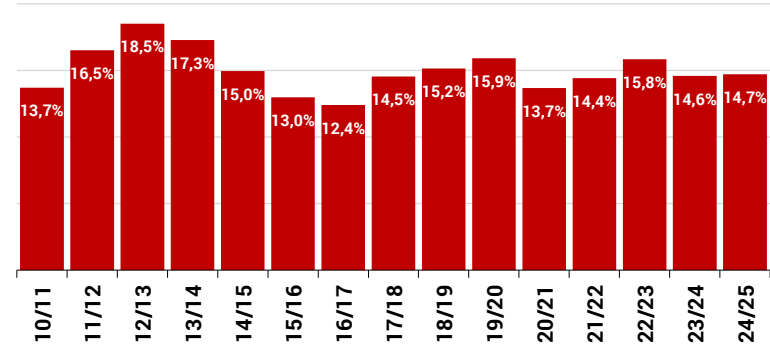
### SUGARCANE: BRAZIL AREA AND PRODUCTION



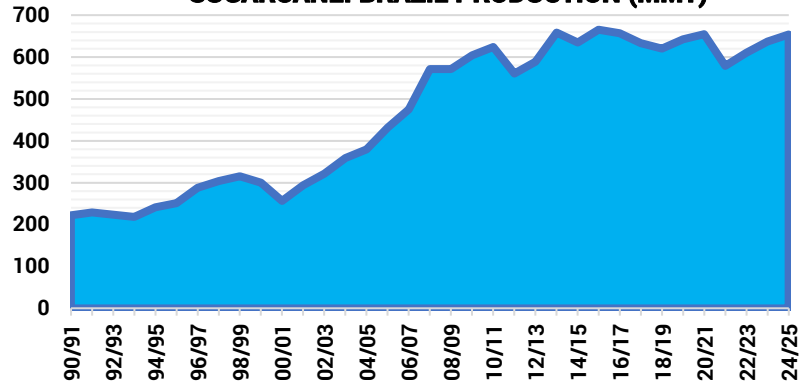
### SUGARCANE: AVERAGE YIELD (T/HA)



### SUGARCANE: RENOVATION AREAS - % OF TOTAL AREA



### SUGARCANE: BRAZIL PRODUCTION (MMT)

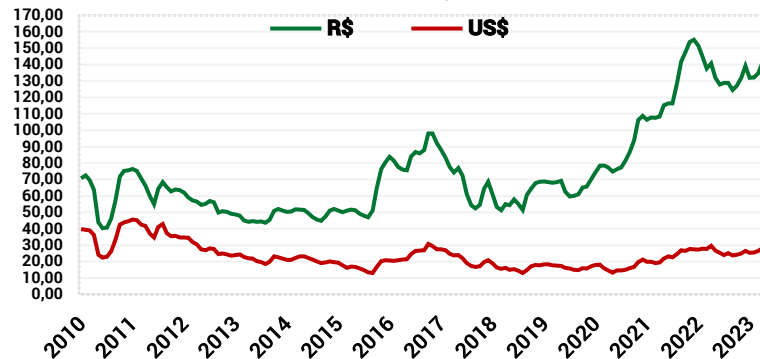


- The CEPEA/ESALQ crystal sugar indicator (ICUMSA color from 130 to 180) is quoted at R\$ 143.45 per 50 kg, accumulating an increase of 3.1% in the last 30 days and 12.2% in 12 months.
- Production was interrupted on a few days last week, due to rains in cultivation areas, which hampered the transport of sugarcane to the processing units, supporting prices on the domestic market.
- On the New York Stock Exchange (ICE US), demerara sugar contracts remain sustained and operate at around 26 ¢ per pound, accumulating an increase of 40% in the last 12 months.
- The rise in future sugar prices is linked to climatic factors (*El Niño*), which may harm the harvests of the world's main producers.
- In Brazil, the anticipation of rains during the harvest period has been observed, while in India and Thailand drought prevails, causing the global sugar balance to have two consecutive years of deficit, with consumption exceeding world production.
- *El Niño* worries Indian and Thai farmers, with the risk of scarce rainfall in sugarcane areas, while, in Brazil, anticipated rains could reduce the sugar content of sugarcane, affecting the country's export potential.

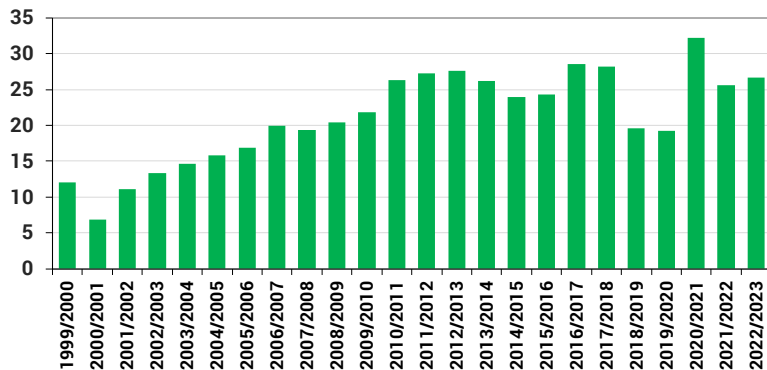
### RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



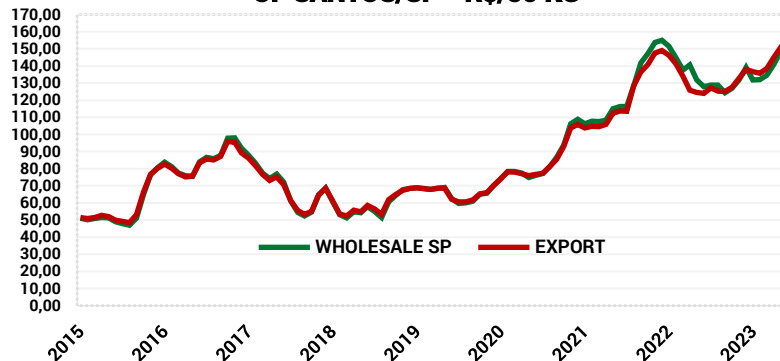
### GRANULATED SUGAR: SÃO PAULO WHOLESALE PRICES - R\$/50 KG



### SUGAR: BRAZIL EXPORTS - MMT



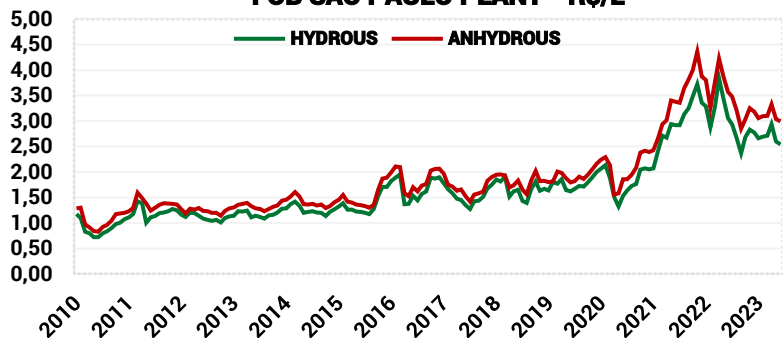
### GRANULATED SUGAR: WHOLESALE SP X FAS PORT OF SANTOS/SP - R\$/50 KG



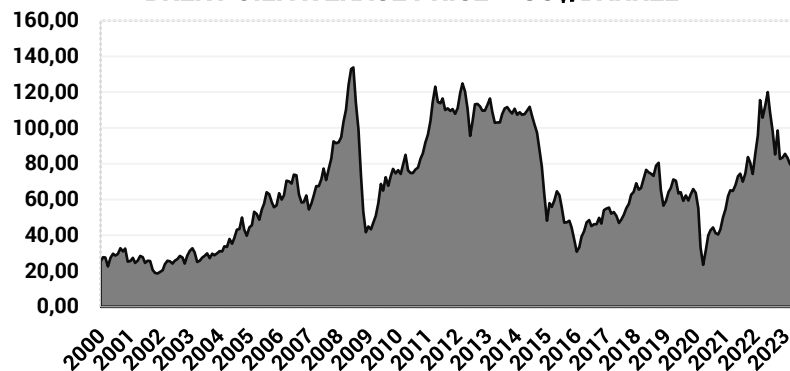
- The price of hydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 2.55/liter (without ICMS and without PIS/Cofins), with a decrease of 2.0% in the last 30 days and 16.9% in 12 months.
- The price of anhydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 2.99/liter (excluding PIS/Cofins), down 1.5% in the last 30 days and 16.2% in the last 12 months.
- The more competitive gasoline prices at the pumps compared to hydrous ethanol have led mills to seek to increase the biofuel's liquidity, as demand continues to weaken in the domestic market.

- Owners of flex-fuel vehicles have been opting for fossil fuel, due to the relative prices that favor gasoline.
- The result of this is the focus of mills on the production of sugar to the detriment of ethanol, since, for one more season, sugar remains more advantageous in terms of prices compared to biofuels, and could be the main actor of the 2023/2024 season.
- The current value of anhydrous ethanol is 12.6% higher than that of hydrous ethanol in São Paulo.
- In the case of sugar, the price is 51.6% higher than that of anhydrous ethanol and 70.8% higher than that of hydrous ethanol.

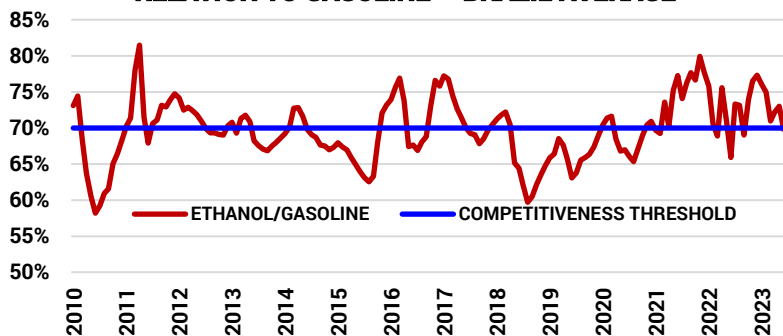
### ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



### 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
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	-1,5%	4,2%	-2,0%	3,7%
12 MO CHANGE	-16,2%	-11,5%	-16,9%	-12,2%



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