

SUGARCANE

2023/2024 OUTLOOK SUMMARY

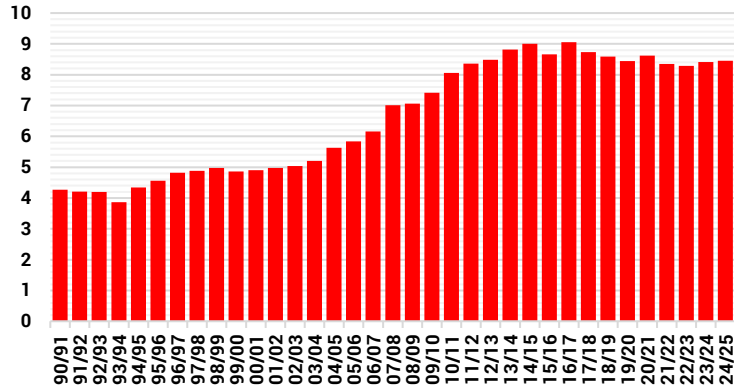


JULY/2023

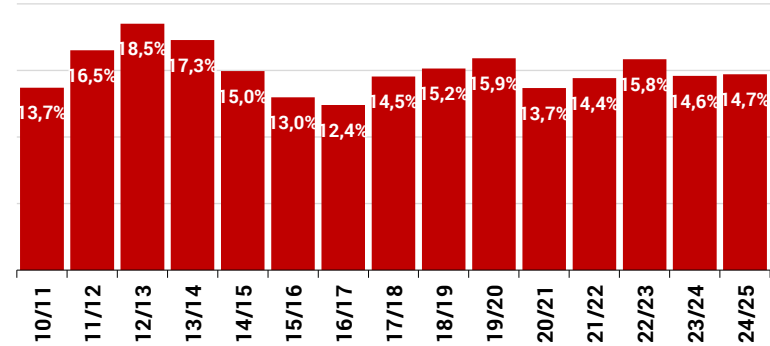


- Sugarcane crushing in the Center-South region of Brazil reached 209.8 MMT in the 2023/2024 harvest, between 04/1/2023 to 07/1/2023, a significant increase of 11.5% compared to the same period of the 2022/2023 season.
- Despite the progress in the period compared to the past harvest, when compared to the 2020/2021 harvest, there is still a delay in processing.
- In the accumulated result for the harvest, sugar manufacturing grew by 25.8% compared to the previous cycle, while total ethanol production increased by 6.2%, with a 5.7% drop in hydrous and a strong expansion of 27.6% in anhydrous.
- Mills are anticipating processing to take advantage of the most favorable current weather conditions.
- The alcohol mix of the accumulated crushing in the current cycle is at 52.32%, against 57.44% an year ago.
- The accumulated level of Total Recoverable Sugars (TRS) in the current harvest, reaches 128.29 Kg of ATR per tonne of cane, an increase of 0.7% compared to the previous cycle.
- The sugarcane harvest in the Center-South continues without major interruptions, but there is a fear that August will be rainier, due to *El Niño* in the region, which could affect Brazilian sugar production and exports.

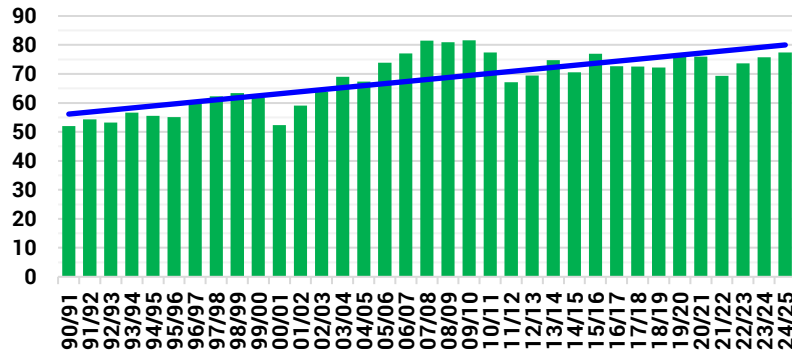
SUGARCANE: BRAZIL AREA AND PRODUCTION



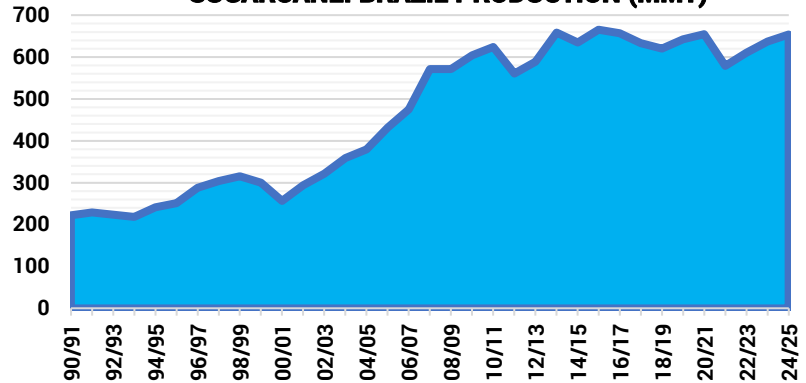
SUGARCANE: RENOVATION AREAS - % OF TOTAL AREA



SUGARCANE: AVERAGE YIELD (T/HA)



SUGARCANE: BRAZIL PRODUCTION (MMT)

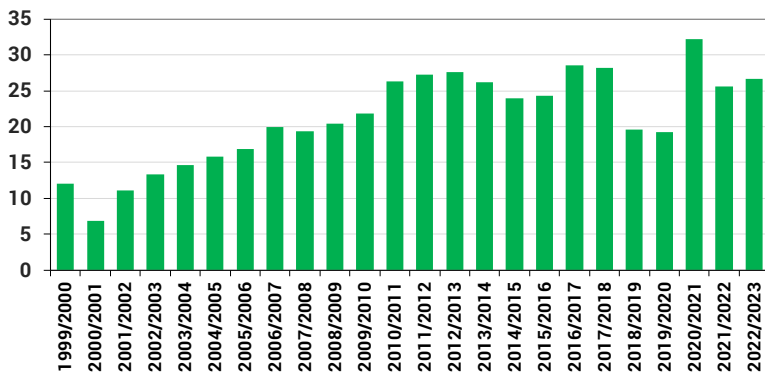


- The CEPEA/ESALQ Crystal Sugar Indicator (ICUMSA color from 130 to 180) is quoted at R\$ 134.34 per 50 Kg, accumulating a decrease of 7.3% in the last 30 days, but an increase of 4.3% in 12 months.
- The internal supply of better-quality types of sugar remains restricted, since the mills have increased the volume destined for exports, but the internal demand of buyers has not shown heating signs, which has been putting pressure on domestic values.
- Even withdrawals from contracts previously negotiated with mills are delayed, given the drop in consumption of final products at retail.
- On the New York Stock Exchange (ICE US), demerara sugar contracts remain sustained and operate at around 25 ¢ per pound, accumulating an increase of 41% in the last 12 months.
- *El Niño* tends to make the climate drier in India and Thailand and the lack of rainfall in the main producing regions of both countries could compromise sugar production in the 2023/2024 world season.
- Below-average rainfall in India and Thailand (the world's second and fourth largest sugar producers), due to *El Niño*, has damaged sugarcane plantations in these countries, supporting future commodity prices.

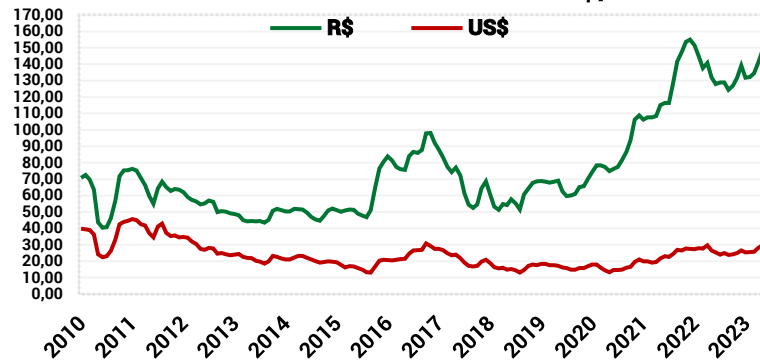
RAW SUGAR: FUTURES AT ICE US (NEW YORK) ¢ PER POUND



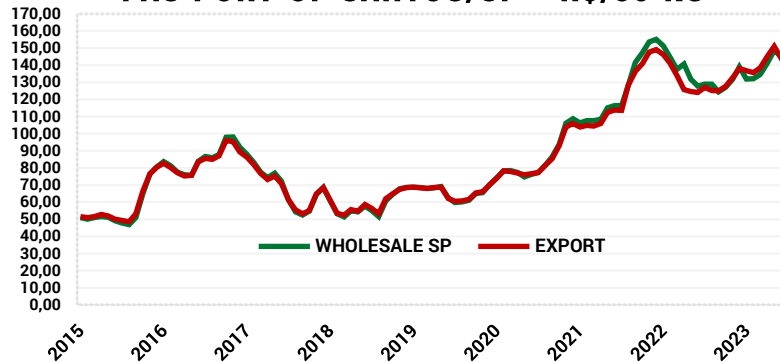
SUGAR: BRAZIL EXPORTS - MMT



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

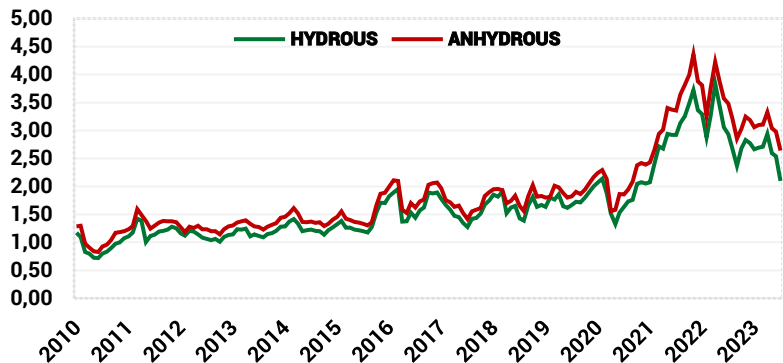


GRANULATED SUGAR: WHOLESALE SP X FAS PORT OF SANTOS/SP - R\$/50 KG

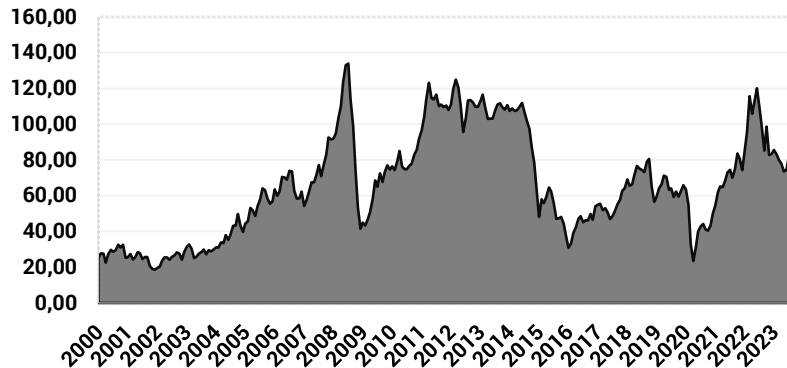


- The price of hydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 2.10/liter (without ICMS and without PIS/Cofins), down 17.4% in the last 30 days and 28.6% in 12 months.
- The price of anhydrous ethanol FOB plants in São Paulo is quoted, on average, at R\$ 2.64/liter (without PIS/Cofins), down 11.4% in the last 30 days and 24.1% in the last 12 months.
- Ethanol prices at mills remain low, still influenced by very weak demand in much of the Center-South region, despite the advantage of biofuel over gasoline at the pumps for seven consecutive weeks.
- The price ratio between hydrated ethanol and gasoline is 66.6% in the last seven days in São Paulo, the lowest since the period between June 26 and July 2, 2022.
- In addition to lower fuel output from the plants, a significant volume of anhydrous and hydrous ethanol had been negotiated by distributors before the PIS/Cofins tax change.
- Some mills choose to stay out of the market, claiming that the prices currently practiced are below sales intentions or even below the cost of production, while others, due to the advance of crushing due to favorable weather conditions, are under cash flow pressure.

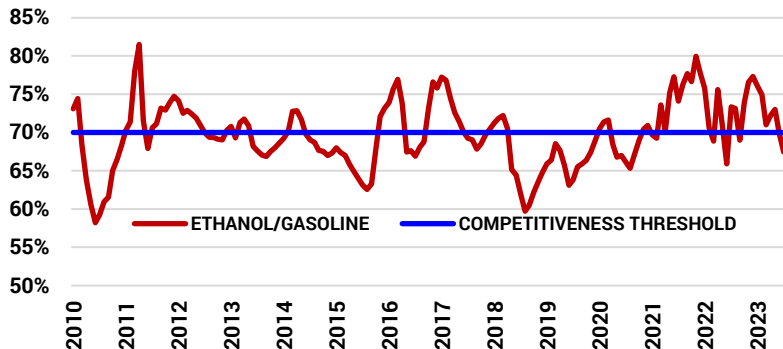
ETHANOL: HYDROUS AND ANHYDROUS PRICES FOB SÃO PAULO PLANT - R\$/L



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	-11,4%	-9,0%	-17,4%	-15,2%
12 MO CHANGE	-24,1%	-14,7%	-28,6%	-19,6%



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