



## Newsletter Spain – March 2019

We inform you that producers are starting to announce price increases, a trend that will continue over the next few weeks due to the continuing drought that has been going on in Spain for several weeks. For the next two to three weeks no rainfall in Spain is forecast. Because of the lack of water, no producer expects a big crop in 2019 today.

Between the end of January 2019 and today, prices were very stable at a low level and generally larger deals were made. This price level lasted over eight weeks. If it should not rain heavily, as it is predicted, the price trend will increase progressively, since most bigger wineries have already sold up to 70% of their production.

Regarding this uncertainty, some cooperatives today have no interest in issuing new bids and prefer to wait and see how the situation develops over the next few weeks. Because in the worst case of a small crop in 2019, stocks and low production should then be sufficient until August 2020. Therefore, there are enough reasons to assume that the lowest price level of the last weeks for 2018 crops has already been exceeded.

We have to observe the situation closely because we are facing two possible scenarios in the coming weeks:

- Scenario 1 - It would be a very delicate situation if it did not rain in April or May. We would then come in the summer months with far too little water resources to reach a normal harvest. And this, without taking into account the risk of frost, which persists until mid-May.
- Scenario 2 - It would be a more optimistic scenario, even if there were no rainfall by the end of April 2019, as predicted, and prices would rise over the next few weeks, but it would rain then again from the end of April, May and June. Depending on how much rain had fallen, the prices could then relax again, but it will be almost impossible that they then fell back to the current level.

It is currently still possible to conclude sales contracts, subject to the purchase confirmation of the wineries, at prices as mentioned below. We can already see a slight tendency for price increases, compared to the prices we mentioned in our last market report at the end of January. Please also take into account that it is almost impossible to find Spanish red wine with a color index over 8/9 points, especially when summer is coming, it will be very difficult to deliver dark wines.

- WHITE WINE traditional fermentation (F / T) - EUR 2,20 - 2,30 / hectodegree
- WHITE WINE controlled fermentation (F / C) - EUR 2,40 - 2,60 / hectodegree
- ROSÉWEIN F / T - EUR 2,50 - 2,60 / hectodegree
- ROSÉWEIN F / C - EUR 2,70 - 2,80 / hectodegree
- RED WINE from 10.5% to 12% Color min. 5 points - EUR 2,90 - 3,30 / hectodegree
- RED WINE from 12.5% to 14.5% Color min. 7 - EUR 3,10 - 3,80 / hectodegree
- Red varietal wine (100% Cabernet Sauvignon, Merlot, Syrah, etc.) - EUR 3,80 - 4,80 / hectodegree depending on grape variety
- White varieties (100% Macabeo, Chardonnay, Sauvignon Blanc, Verdejo, etc.) - EUR 2,70 - 5,50 / hectodegree depending on grape variety

As we repeatedly emphasize in all market reports, wines with indication of grape variety or with organic certification are sold out very quickly, because the demand is higher than the offer and the availability of these wines is very limited. The prices for these wines will continue to increase until the stock is used up. Conclusion: Do not wait too long and cover up your needs at least until end of September 2019, until wines from the new crop 2019 will be once again available.

Do not hesitate to contact us to let us know which wines you still need. Inform us about the qualities / quantities / delivery schedules and the maximum price you could pay so that we can search for the wines in the most favourable conditions for you.

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