



## Newsletter Australia – May 2019

### **The Australian Bulk Wine Market – Some very brief remarks**

Confirming recent and widespread media reports of a smaller than average Australian 2019 wine grape crop, our bulk wine availability is somewhat reduced this year compared to this time last year, which was in turn reduced from a year earlier.

### **Commercial Wine**

The crop from these regions is down perhaps 10% on last year and supply of Commercial wine from Inland Irrigated Regions is very tight indeed, particularly for red wine. Red grape prices increased by ~20% and white grape prices increased by around 5%. Bulk Wine Pricing has firmed to reflect tightening supply as producers have grappled with drought conditions and substantial increases in the price of irrigation water. Most professional bulk wine suppliers are conscious of the possibility of breaching price points and are reluctant to pass on their full cost increases this year, in order to retain retail listings and in the meantime hoping for good rains this winter ahead of next year's crop. The outlook does not look particularly promising: see Figure 1 below: The weakness in the Australian dollar will certainly help competitiveness, but to a lesser extent than a good break in the current drought conditions.

### **Premium Wine**

The crop from these regions is down perhaps 15-30% with some regions expecting to record even smaller crops. Most premium regions across South Eastern Australia have had a very short vintage and as a broad principal, these regions tend to be more sensitive than Inland Irrigated Region to drought conditions. The much reduced volume outcomes this year will be testament to this. Pricing has firmed across the board and continuity of supply is exercising the minds of many winemakers.

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Source: *Austwine Exports Pty.*