



Newsletter Spain – January 2020

Today we can say that we have achieved a stable market situation. From the end of November 2019 until today, prices have fallen to the level we had at the start of the 2016 harvest.

Today we can say that the 2019 harvest in Spain can be considered normal and the officially released quantities correspond to the same ones that we had for the 2014/2015 campaign.

The 2019 harvest is around 43 million hl throughout Spain, of which +/- 20 million hl come from the Mancha region, which means a normal harvest. The crop is 30% to 40% smaller than the 2018 crop, which was exceptionally high.

Between September 2019 and January 2020, the cooperatives and private wineries in Spain signed a large number of contracts with their customers. In our opinion, we do not believe that prices will drop quickly. But after the long period of stability, everything indicates that the market will soon relax.

We hear from most of the cooperatives that they have already sold around 60% of their crops ... and this is due to the overall small amount harvested this year. Therefore, most growers should not get nervous before the next harvest because they have enough space to store a possibly excellent next harvest.

On the other hand, we know many other small producers who have so far not had the desired sales and who would possibly trigger a decline in the market for table wines and entry-level wines.

Given these conditions, we believe that the market has been very active so prices should not rise in the short term. There are also indications that prices will ease in the coming weeks.

Now we have to keep watching the weather. Possible rains until April would be very welcome, while possible frost or storms could have a negative impact. If the situation remains stable, sales projects could be developed without major price fluctuations in the 2019 and 2020 harvests.

At the moment, the purchase price for distillation white wine is 2,60 €/hl° / 2,70 €/hl°, whereby only wines that are not suitable for consumption are taken into account, such as press wine, yeast trub or wines with widely differing parameters, e.g. with a very high iron or glucon content. However, this price is the yardstick that always shows us the lowest possible price level on the market that producers would offer.

In addition, most of the cooperatives have great difficulties this year in delivering table white wines with alcohol levels below 11,50% / 12%. In fact, the Airén grape, which is most commonly used to make cheap white wines, had low kilo yields this year due to the severe drought we ultimately suffered from. Due to the good ripeness of the grapes, the must weights were very high and the wines ultimately had gradations well over 11%.

The current indicative price range for the 2019 harvest is as follows:

(Prices subject to change - manufacturers are open to all types of negotiations)

Do not hesitate to send us your market proposals, stating the quantities and delivery conditions for them, to find your target prices.

- WHITE WINE traditional fermentation (FT) - between 3,00 €/hl° and 3,30 €/hl°
- WHITE WINE controlled fermentation (FC) - between 3,20 €/hl° and 3,50 €/hl°
- ROSÉ WINE FT- between 3,30 €/hl° and 3,50 €/hl°
- ROSÉ WINE FC- between 3,40 €/hl° and 3,80 €/hl°
- RED WINE 10,5% - 12,0% color min. 5 points - between 3,60 €/hl° and 3,90 €/hl°
- RED WINE 12,5% - 14,5% color min. 7 points - between 3,80 €/hl° and 4,40 €/hl°

For wines with indication of the grape variety or with BIO / ÖKO certification:

As we always say, it is important to know that these wines have to be bought as quickly as possible, because there is very high demand and the quantities offered are very limited, so that the prices will rise steadily in the coming months.

In summary, you should not wait too long and therefore reserve the quantities to secure yourself until at least the end of September 2020 until wines from the new 2020 harvest are available.

Today it is very difficult to find, quantities of 100% MERLOT or 100% SAUVIGNON BLANC varietal wine.

As a guideline for the price range for varietal wines from the 2019 vintage, prices subject to prior sale and depending on the confirmation of the winery

- Red Varietals
 - 100% Tempranillo between 3,90 €/hl° and 4,50 €/hl°
 - 100% Garnacha between 4,00 €/hl° and 4,40 €/hl°
 - 100% Bobal between 4,10 €/hl° and 4,50 €/hl°

- 100% Petit Verdot between 4,40 €/hl° and 5,30 €/hl°
 - 100% Cabernet Sauvignon between 4,50 €/hl° and 5,40 €/hl°
 - 100 % Syrah between 4,50 €/hl° and 5,40 €/hl°
 - 100% Garnacha Tintorera IC 24 Max. between 4,80 €/hl° and 5,50 €/hl°
 - 100% Merlot between 5,50 €/hl° and 6,20 €/hl°
- White Varietals
 - 100% Airén between 3,20 €/hl° and 3,60 €/hl°
 - 100% Macabeo between 3,50 €/hl° and 3,80 €/hl°
 - 100% Moscatel between 4,00 €/hl° and 4,60 €/hl°
 - 100% Verdejo between 4,50 €/hl° and 5,30 €/hl°
 - 100% Sauvignon Blanc between 5,50 €/hl° and 6,00 €/hl°
 - 100% Chardonnay between 6,00 €/hl° and 6,50 €/hl°

The price for rectified grape must concentrate 65° Brix is based on the price for sulphurized must, and since only a small amount of must was stored due to the small harvest in 2019, we do not see any significant price decline for this product in the short term. The market is in the range of 1,25 €/kg and 1,35 €/kg = 165,60 €/hl and 178,85 €/hl = 3,17 €/AP and 3,42 €/AP.

The Italian wine market is very active with prices between 3,50 and 4,00 €/hl° for generic white wines and between 4,30 and 5,00 €/hl° for generic red wines.

South American wines are generally not very competitive in European markets, but they are in international markets.

Chile offers red wine from USD 45 / hl FOB (approx. € 40 / hl) and varietal red wines from USD 75 / hl (approx. € 67 / hl). Given this price level and Chile's tariff advantage in China, it will be very difficult for European wine suppliers to export bulk wine to China. We hear that Argentina offers red and white wines at USD 20 to 25 / hl EXW winery, which could be interesting for manufacturers of flavoured wine-based beverages.

Do not hesitate to contact us and tell us your quantities required, and tell us the qualities / quantities / deliveries and the maximum price you could pay, so that we can send you the best quotes at the best possible market conditions.

January 2020