



Newsletter Spain – November 2020

We can say that the 2020 harvest is generally over across Europe.

Regarding the 2020 harvest in Spain, we have several points of view so far. According to the cooperative sector, the harvest would be +/- 42 million hectoliters. However, according to the surveys and estimates that we were able to carry out, we are convinced that the harvest should be around 45/47 million hectoliters. We will certainly be able to check this from December 10, 2020, as this is the deadline for the official harvest declaration.

In the European Union, good weather conditions favoured what most likely appeared to be a large harvest in 2020. However, this has been limited by various measures taken by the Government and producer associations to directly and indirectly mitigate the negative effects of the Covid-19 pandemic on the world wine market.

Production of 2020 appears to be similar to last year: + 1% compared to 2019 (after there was an exceptionally high production in 2018). In the current context in which geopolitical tensions, climate change and the COVID-19 pandemic are creating high levels of volatility and uncertainty in the world market, this should not necessarily be viewed as bad news for the wine sector. The joint organization of the EU wine market grants subsidies to regulate the volume, for example aid for green cut.

In some regions of Italy, France and Spain, due to declining demand in the world market, winemakers have decided to reduce the volume of wine production to a lower level than in 2019. At the same time, however, we are recording positive growth compared to 2019 in other EU countries that are large wine producers, such as Germany (8.9 million hl, + 8% / 2019), Hungary (2.9 million hl, + 22% / 2019) and Austria (2.4 million hl, + 10% / 2019). These countries have production levels that are similar to or even slightly above average over the past five years. With 6.5 million hls in 2020, Portugal has a production similar to 2019 and the average of the last five years, while countries such as Romania (3.6 million hls) and Greece (2 million hl) have a negative deviation from 2019 (-7% and -2%) and their average values for the last five years (-12% and -17%). However, it has to be taken into account that in the three

main countries, which account for 49% of world wine production and 81% of the EU, the quantities announced for 2020 are below their averages over the last five years.

In the Northern Hemisphere outside the EU, wine production is high in 2020 in countries like Russia (4.7 million hls, + 2% / 2019) and Ukraine (1.0 million hls), + 1% / 2019, while Georgia and Moldova (which experienced periods of drought) recorded a decrease in production of 1.7 million hls (-3% / 2019) and 1.2 million hl (-18% / 2019). The volume of wine production in Switzerland in 2020 (0.9 million hl) is not only lower than in the previous year (-10% / 2019), but also 8% below the average of the last five years.

In the United States, the preliminary estimate of wine production is 24.7 million hectoliters (+ 1% / 2019). This number is based on the U.S. Department of Agriculture (USDA) forecast for the crop. However, this figure could be revised significantly in the coming months as more information becomes available on the real impact of the Napa and Sonoma forest fires. Likewise, the oversupply problem that has characterized the past five years could play an important role in decisions about wine production. There are no data on the harvest in China at this time of year. However, wine production should continue the decline that began in 2016 for structural reasons outlined in the OIV report on the situation in the wine sector published in April 2020.

In the southern hemisphere, where the harvest ended in the first quarter of 2020, preliminary winemaking numbers tend to be more accurate and reliable at this time of year. In terms of volumes, wine production fell sharply in the main producing countries with a few exceptions.

South Africa differs from previous years and is returning to "normalcy" after several years of drought. In Australia, the harvest is small due to forest fires, while New Zealand has a record harvest volume in 2020. South America is the region in the southern hemisphere with the greatest decrease compared to the production level of 2019. In Argentina, wine production in 2020 was significantly reduced to 10.8 million hl (-17% / 2019) due to the adverse weather conditions caused by El Niño. Chile recorded a decrease of -13% compared to 2019 with 10.3 million hl, mainly due to the drought. At -13% and -10%, the two countries have a production level that is well below the average of the last five years. Brazil has an estimated wine production volume of 2.2 million hectoliters, similar to last year, a value that is 15% below the average of the last five years. In South Africa, where the drought severely affected harvests in 2018 and 2019, wine production is estimated at 10.4 million hectoliters in 2020, which is an increase from the return to normal levels. Australia recorded a significant decrease in wine production volume to 10.6 million hls in 2020 (-11% compared to 2019 and -16% compared to the average of the last five years). This can be explained in part by a combination of factors that reduced the volume of production: Droughts resulted in lower yields. During the harvest season, forest fires broke out and some grapes were affected by pollutants from the smoke. In New Zealand, wine production shows the opposite trend to Australia and produces more than 3 million hectoliters for the fourth time in its history, exactly 3.3 million hectoliters in 2020 (+ 11% / 2019 and + 15% compared to the average of the last five years).

The best starting prices for the harvest, of which we can already make the first market confirmations, depend directly on:

- The quality and taste profile of the wine you are looking for.
- The treatments which have to be made with the wine (raw, centrifuged, filtered, stabilised, etc.).
- The quantity you are looking for.
- And above all the delivery period that is required.

All other parameters remain an asset in the negotiation.

The corresponding samples of the wines offered are ready to be sent:

WINE PRICES FOR THE HARVEST 2020, Deliveries from +/- November 2020:

Wine with Origin Spain or wine from the EU, WITHOUT indication of the year of the crop or varietal in the loading documents

- White wine traditionally fermented FT, entry level from EUR 2,10 /h°
- White wine, controlled fermentation, FC, from EUR 2,30 /h°
- Rosé wine traditionally fermented FT entry level from EUR 2,40 /h°
- Rosé wine, controlled fermentation FC, from EUR 2,50 /h°
- Red wine between 11%vol. and 12%vol. with 4-5 points entry level from EUR 2,60 /h°
- Red wine between 12,5% and 14,9%vol. with 8/9 points from EUR 2,70 /h°

WINE PRICES BIO / ECO – HARVEST 2020 – Deliveries from +/- November 2020

Wine with origin Spain and indication of harvest, WITHOUT indication of varietals in the loading documents.

Certified BIO – « ECOSCHERT / SOHISCERT » - according to EU regulations

- White Wine Spain BIO FC, from EUR 2,70 / h°.
- White Wine Spain BIO FC, from EUR 2,90 /h°.
- Red Wine Spain BIO from 11% to 12% IC 4/5 (entry level), from EUR 3,20 /h°
- Red Wine Spain BIO from 12,5% to 14,9% IC 8/9 min from EUR 3,50 /h°

VARIETAL WINE WHITE – HARVEST 2020

Price EXW cellar Spain until end of stock, wine with origin Spain, with indication of the year of crop and varietal in the loading documents.

- White wine Chardonnay, from EUR 4,50 /h°
- White wine Sauvignon Blanc, from EUR 3,80 /h°
- White wine Verdejo, from EUR 3,00 /h°
- White wine Moscatel, from EUR 3,00 /h°
- White wine Macabeo, from EUR 2,40 /h°
- White wine Airén from EUR 2,40 /h°

Certified BIO – « ECOSCHERT / SOHISCERT » - according to EU-regulations

- White wine Chardonnay BIO, from EUR 5,50 /h°
- White Wine Sauvignon Blanc BIO, from EUR 5,00 /h°
- White wine Verdejo BIO, from EUR 4,20 /h°
- White wine Moscatel BIO, from EUR 3,50 /h°
- White wine Macabeo BIO, from EUR 2,80 /h°
- White wine Airén BIO, from EUR 2,70 /h°

VARIETAL WINE ROSÉ – HARVEST 2020

Price EXW cellar Spain until end of stock, wine with origin Spain, with indication of the year of crop and varietal in the loading documents.

- Rosé Tempranillo, from EUR € 2,60 /hº
- Rosé Garnacha, from EUR 2,90 /hº
- Rosé Bobal, from EUR 2,90 /hº

Certified BIO – « ECOSCHERT / SOHISCERT » - according to EU-regulations

- Rosé Tempranillo BIO, from EUR 2,90 /hº
- Rosé Garnacha BIO, from EUR 3,30 /hº
- Rosé Bobal BIO, from EUR 3,80 /hº

If there is a request for other rosé grape varieties (Syrah, Merlot and others ... / also as organic), please quickly check the availability before the harvest declaration is made.

VARIETAL WINES, RED - HARVEST 2020

Price EXW cellar Spain until end of stock, wine with origin Spain with indication of the year of the crop and varietal in the loading documents

- Red Wine Merlot, from EUR 4,00 /hº
- Red Wine Cabernet Sauvignon, from EUR 3,30 /hº
- Red Wine Syrah, from EUR 3,10 /hº
- Red Wine Tempranillo from EUR 2,80 /hº

Certified BIO – « ECOSCHERT / SOHISCERT » - according to EU-regulations

- Red Wine Merlot BIO, from EUR 4,50 /hº
- Red Wine Cabernet Sauvignon from EUR € 4,50 /hº
- Red Wine Syrah BIO, from EUR 4,00 /hº
- Red Wine Tempranillo BIO, from EUR 3,30 /hº

Grape Must Concentrate /rectified (de-ionised) grape must concentrate – on the base of must from the 2020 crop

We believe, that in Spain there will be a stock of 2 Mill. HLS of sulphurised grape must on the market, which means, that we shall be very competitive with grape must concentrate in this campaign.

- Rectified (de-ionised) grape must concentrate 65 Brix – from EUR 1,05/Kg
- White grape must concentrate - 65 Brix – from EUR € 1,00/Kg
- Red grape must concentrate – 65 Brix T500 – from € 1,10/Kg
 - Rectified (de-ionised) grape must concentrate BIO 65 Brix – from EUR 1,15/Kg
 - White grape must concentrate BIO 65 Brix – from EUR 1,05/Kg
 - Red grape must concentrate BIO 65 Brix T.500 – from EUR 1,25/Kg

Don't hesitate to contact us for your demand, so that we can search for wines at the best market conditions for you. We are at your disposal and send you our best regards.

November 2020