



## **Newsletter Spain – July 2021**

As is already known, many production regions in France and Italy were badly affected by the frost in May 2021. Precisely at this time a crisis distillation was expected in Spain, but the situation has changed radically. In fact, the Spanish market reactivated a lot between May and early June, with most of the large operators arriving quickly to meet their needs, resulting in large and rapid price increases.

Many contracts with large quantities were concluded, and large quantities were also loaded. At the same time, there is a significant amount that most producers still have in stock, but which are already sold by supply contracts, to be delivered by the end of the year.

The scenario changed from week 18/2021, around May 5th, when the frost spread across the main growing areas of France and Italy. The reported losses were initially around 60%, but we do not expect them to be more than 40% in the end.

In Spain, which was spared the frost, producers quickly and on the spot increased prices. Indeed, there has been an unprecedented demand as seen by most of the operators, mostly Europeans, who have run an unprecedented campaign of wine and MCR contracts. This interest was still unimaginable a few days before the frost episodes, when the remaining stocks were offered at then still low prices. The prices then rose to today's level (see below).

We are almost convinced that the prices reached today will serve as starting prices for the new harvest in 2021, because it no longer makes sense to speak of a possible crisis distillation.

In Spain, the 2021 harvest promises to be very good so far, the vineyards have not suffered from phytosanitary problems and, as already indicated in our last report, we have not had any significant drought in Spain to this day.

We can dare to forecast production levels that are very similar to the last crop, and we should ultimately achieve a crop very close to 2020's 47 MILLION HLS (after 38 MILLION HLS in 2019), of which 25 MILLION HLS for LA MANCHA.

Also, in connection with the very strong demand that we will have in Spain this year, we can argue that the prices of the grapes will increase by at least +/- 10% compared to the previous harvest, which of course has a direct impact on the price of wine will affect. The prices of the wines of the new harvest 2021 will only be available from the start of the harvest.

The harvest in Spain will certainly start around August 15, 2021 with CHARDONNAY and SAUVIGNON BLANC. If you need freshly squeezed must, we need to know in advance so that we can make you offers. In addition, we strongly advise you to reserve / contract all varietal wines 2021 (especially Chardonnay, Sauvignon Blanc and Merlot ... and especially organic) as soon as the prices are on the market.

Our goal is to look after you at least until October 2022 or until the wines from harvest 2021 are available in 2022, as we expect a very high demand for these types of wine. Higher than for the 2020 vintage.

Believe us, since the first estimates of the first tariffs, which will be made around the beginning of September 2021, the prices for wines with grape varieties will only rise, all directly related to supply and demand. On the other hand, the prices for the table wines red, white and rosé will start very strongly (certainly at the same prices or maybe even above what we already have today) and then the prices will rise or fall depending on demand. Due to the Covid situation, there is still great uncertainty in the international market and how the markets and global consumption in general will react.

For information, the total area under vines in Spain is 960,758 hectares, of which 40% of the vines are trellised and irrigated. The rest is mostly as ground cover without irrigation. La Mancha represents 474,000 hectares of vineyards in production, which is 5% of world production compared to 86,500 hectares of Extremadura and 68,000 hectares of Castile and Leon. Today in Spain 107,600 hectares are used for the production of BIO / ECOCERT wines, which corresponds to about 11% of the Spanish vineyard. In the La Mancha region, 57,000 hectares are grown as organic farming. Spain is one of the main suppliers of organic wines and therefore has a large range of varietal wines and table wines with BIO / ECOCERT certification. It is very important to take this into account, because from Spain we can offer a serious and high-performance range of different and varied grape varieties, as well as certified organic table wines, with high quality and at very competitive prices.

### **WINE PRICES SPAIN CROP 2020 – READY TO LOAD \*\* JULY 2021 \*\***

The best prices for wine, which you are looking for, depend from several parameters, like f.e.

- Profile of the quality and taste of the wine
- Necessary treatments to the wine (raw wine, centrifuged, filtered, stabilized, etc.)
- The total quantity that you need
- And, most important, the time of delivery which will be fixed in every contract.

All these parameters are active assets in the negotiation which help us to get the best ratings for you.

WINEPRICES FOR THE HARVEST 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 €uro 2,60 /h° (almost no stocks on the market)
- White wine, controlled fermentation, FC, from €uro 2,70 /h°
- Base wine for sparkling wine production, white FC from €uro 2,70 €/h°
- Rosé wine traditionally fermented FT entry level from €uro 2,70 /h° (almost no stocks on the market)
- Rosé wine, controlled fermentation FC, from €uro 2,80 /h° (almost no stocks on the market)
- Red wine 11%vol. with 4-5 points entry level from €uro 2,60 /h°
- Red wine 12%vol. with 5/6 points entry level from €uro 2,70 /h° / 2,80 /h°
- Red wine between 13,0% and 14,9%vol. with 8/9 points from €uro 2,80 /h° (very few stocks from 13,5% on the market)

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 €uro 5,00 /h°
- White wine Sauvignon Blanc, from €uro 4,60 /h° / 5,00 /h° (almost no stocks on the market)
- White wine Verdejo, from €uro 3,30 /h° - 3,60 /h° (almost no stocks on the market)
- White wine Moscatel, from €uro 3,70 /h°
- White wine Macabeo, from €uro 2,80 /h°
- White wine Airén from €uro 2,80 /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 €uro € 2,70 /h°
- Rosé Garnacha, from €uro 2,80 /h°
- Rosé Bobal, from €uro 2,80 /h°

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 €uro 6,00 /h° (almost no stocks on the market)
- Red Wine Cabernet Sauvignon, from €uro 4,80 /h°
- Red Wine Syrah, from €uro 4,50 /h°
- Red Wine Tempranillo from €uro 3,00 /h°

Grape Must Concentrate / rectified (de-ionised) grape must concentrate

- Rectified (de-ionised) grape must concentrate 65 Brix – €uro 1,25/Kg
- White grape must concentrate - 65 Brix – from €uro 1,20/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 anytime at your disposal.

July 2021