



Newsletter Spain – September 2022

As already mentioned in our last report, the intense summer heat in Spain came much earlier than usual. According to AEMET, in the first half of May we experienced an atypical first heat wave with average temperatures above 30 °C in the main growing areas such as La Mancha and Extremadura.

So far, rainfall has been insufficient, temperatures higher than expected this summer in Spain (like everywhere in Europe). These high temperatures exhausted, dried and smothered the vines, which will result in an even shorter than expected 2022 harvest. In the last campaign, Spain benefited economically from the short harvests in France and Italy. A sharp increase in sales on national and international markets, combined with a drastic reduction in stocks from previous harvests, allows producers to argue in favor of increasing prices.

In fact, the 2021/2022 campaign started with very few available stocks of 2020 wine and the main wineries have had good sales so far, followed by a very good withdrawal rate that slowed down slightly between late March and early April also because of the Strikes by transport companies and the Russia-Ukraine conflict. But after Easter things picked up again.

News from the new harvest 2022,

After traveling for a few days in La Mancha (main growing area) and meeting most of our main producers / collaborators, we can conclude that this new campaign will start in a very complicated context.

- On the one hand, we have a very significant crop failure due to the drought.
- Producers confirm that they have no more red wine in stock and even less white wine from the previous harvest.
- The production costs of the winegrowers have risen significantly compared to the previous year: the fuel and pesticide prices in particular have almost doubled within a year, which has a direct influence on the grape price of +10% to 15%.

- For some time now, politics in Spain has been putting enormous pressure on the cooperatives not to sell a single drop of wine below production costs.
- Production costs in the basement have also increased enormously, partly because of energy prices such as electricity and gas. For example, a cooperative told us that last year they spent €900,000 on electricity, now the electricity supplier is charging no less than €3,000,000 for this campaign.

If you consider the various factors, such as the increase in the price of electricity for refrigeration in wine production, especially for sparkling wine, such as the increase in the price of tartaric acid, which went from €3.20/kg to €5.40/kg, grapes that are bought at a higher price, as well as other price increases, such as increases in caustic soda, where the price has tripled, we can already estimate that if a sparkling wine base wine cost €36-37/hl last year, that it will be around €40/hl this year.

About the new crop 2022 in Spain

According to the precipitation analyses that you can see in the table, from the METEO Ciudad Real website, we expect a harvest of +/- 35 MHL in Spain, of which around 18 MHL for LA MANCHA, this would be **the smallest harvest in the last 15 years.**

Rainfalls <i>until 30/08/22</i>	Rain in Liters in Autum <i>Sept. – October and November</i>	Rain in Liters in Winter <i>December – January and February</i>	Rain in Liters in Spring <i>March – April and May</i>	Rain in Liters in Summer <i>June – July and August</i>	Total Rain in Lts	Total production Mio/HLS Region La Mancha
2021/2022	142,20	107,4	20,2	24,0	293,80	crop 2022 = +/- 18,00
2020/2021	124,20	124,8	94,2	40,8	384,00	crop 2021 = 21,00
2019/2020	137,40	72,60	161,80	6,8	378,60	crop 2020 = 22,00
2018/2019	128,60	26,20	78,40	6,4	239,60	crop 2019 = 19,00
2017/2018	61,60	113,80	264,80	16,60	456,80	crop 2018 = 29,08
2016/2017	165,00	102,80	108,40	31,00	407,20	crop 2017 = 19,45
2015/2016	87,80	56,80	174,20	2,20	321,00	crop 2016 = 24,42
2014/2015	159,40	64,80	77,60	35,20	337,00	crop 2015 = 22,94
2013/2014	139,60	237,40	54,80	14,40	446,20	crop 2014 = 25,12
2012/2013	299,40	129,60	256,20	11,80	697,00	crop 2013 = 33,03
2011/2012	89,00	26,60	121,40	10,80	247,80	crop 2012 = 19,00
2010/2011	147,60	243,20	130,60	2,40	523,80	crop 2011 = 18,90
2009/2010	42,80	391,80	98,20	49,10	581,90	crop 2010 = 21,60
2008/2009	129,40	67,30	71,80	32,00	300,50	crop 2009 = 20,00
2007/2008	<i>¿... ?</i>	<i>¿... ?</i>	<i>¿... ?</i>	<i>¿... ?</i>	602,00	crop 2008 = 23,10

Based on the crop forecasts for 2022 in Spain, we can estimate the prices at the beginning of the harvest, which will be very similar to the 2021 crop, with a slight increase. However, trends can change very quickly in one direction or the other. Actually, prices have become very unstable since 2019, and now transparency in the markets has become even more difficult and impossible to predict in the long term (see COVID, Russia and Ukraine conflict, etc.).

There is also uncertainty about the stability of energy prices, whether electricity, gas or fuel, which directly affect the price of wine, whether in the vineyard, in the cellar or for transport.

CROP	QUANTITY SPAIN	QUANTY IN LA MANCHA	PRICE EXW. RED WINE	PRICE EXW. WHITE WINE
2013	56 MIO HLS	33 MIO HLS	€ 3,40 hº	€ 3,30 hº
2014	46 MIO HLS	25 MIO HLS	€ 2,60 hº	€ 2,30 hº
2015	42,5 MIO HLS	23 MIO HLS	€ 2,90 hº	€ 2,40 hº
2016	52 MIO HLS	25 MIO HLS	€ 3,30 hº	€ 3,00 hº
2017	36 MIO HLS	20 MIO HLS	€ 4,50 hº	€ 3,90 hº
2018	50 MIO HLS	29 MIO HLS	€ 4,40 hº	€ 3,90 hº
2019	38 MIO HLS	19 MIO HLS	€ 3,50 hº	€ 3,00 hº
2020	47 MIO HLS	25 MIO HLS	€ 2,70 hº	€ 2,30 hº
2021	40 MIO HLS	21 MIO HLS	€ 3,60 hº	€ 3,30 hº
2022	¿...? 35 MIO HLS	¿...? 18 MIO HLS	¿...? € 3,20 hº	¿...? € 3,40 hº

Today the price for white wine is at the same price level that we had since the start of the previous harvest. There is no indication today that the white wine price could go down in the coming months. This year too, it is clearly the most popular product on all international markets. The quality of white wines in Spain should be correct, with no obvious flaws. On the other hand, it will depend on the other producing countries and the climatic/meteorological problems whether there will be a loss in volume of white wine in the main growing areas of Europe. White wine from the 2022 crop will not be available before end of October, and as the weeks go by there are fewer and fewer white wines from last crop available for purchase.

The price for red wine reversed its trend. After the price had fallen to €2.50/hº by the end of May 2022, it has been gradually increasing since then until today, we estimate a starting price for red wines of this new harvest at €3.40/hº.

We no longer anticipate major market opportunities in the short term, as the reds from the new harvest will only be available from the end of October/beginning of November and the producers who are still offering wines from the 2021 harvest for return before the 2021 harvest demand the availability of the new wines already prices that correspond to those of the 2022 red wines.

GUIDELINE PRICES FOR SPANISH WINES PRICES EXW WINERY SUBJECT OF SALES

CROP 2022 EXW. LA MANCHA

WINE WITH ORIGIN SPAIN – WITHOUT INDICATION OF VARIETAL OR CROP IN THE DOCUMENTS

TABLE WINE	BASE WINE FOR SPARKLING 10% F/C TA MIN 6	11% F/T Traditionally fermented	12% F/T Traditionally fermented	11% F/C Controlled fermentation	12% F/C Controlled fermentation
WHITE WINE	39,00 €/HL (€ 3,90 hº)	37,40 €/HL (€ 3,40 hº)	40,80 €/HL (€ 3,40 hº)	40,80 €/HL (€ 3,60 hº)	43,20 €/HL (€ 3,60 hº)
ROSÉ WINE	40,00 €/HL (€ 4,00 hº)	38,50 €/HL (€ 3,50 hº)	42,00 €/HL (€ 3,50 hº)	41,80 €/HL (€ 3,80 hº)	45,60 €/HL (€ 3,80 hº)

TABLE WINE	Red Wine 11% IC 5 MIN	Red Wine 12% IC 7 MIN	Red Wine 13% IC 8/9 MIN
RED WINE	35,20 €/HL (€ 3,20 hº)	42,00 €/HL (€ 3,50 hº)	45,50 €/HL (€ 3,50 hº)

VARIETAL WINES 100% WITH INDICATION OF VARIETAL AND CROP IN THE DAA

White Wine Varietal 100% * crop 2022		€ Indicatif 12%
WHITE WINE AIREN	3,70 €/hgd	€ 44,40/HL
WHITE WINE MACABEO	3,80 €/hgd	€ 45,60/HL
WHITE WINE VERDEJO	4,30 €/hgd	€ 51,60/HL
WHITE WINE MOSCATEL	5,00 €/hgd	€ 60,00/HL
WHITE WINE SAUV. BLANC	5,00 €/hgd	€ 60,00/HL
WHITE WINE CHARDONNAY	5,50 €/hgd	€ 66,00/HL
Rosé Wine Varietal 100% * crop 2022		€ Indicatif 12%
ROSE TEMPRANILLO	3,80 €/hgd	€ 45,60/HL
ROSE GARNACHA	4,00 €/hgd	€ 48,00/HL
ROSE BOBAL	4,00 €/hgd	€ 48,00/HL
Red Wine Varietal 100% * Crop 2022		€ Indicatif 12%
RED WINE TEMPRANILLO	3,50 €/hgd	€ 42,00/HL
RED WINE SYRAH	3,90 €/hgd	€ 46,80/HL
RED WINE CABERNET SAUV.	4,00 €/hgd	€ 48,00/HL
RED WINE MERLOT	5,00 €/hgd	€ 60,00/HL

WINE PRICES BIO / ECO – BIO CERTIFICATE BY « ECOSCHERT / SOHISCERT » - ACCORDING TO EU-LEGISLATION

For your need of ORGANIC wines with EU certification - ECOSHERT / SOHISCERT or NOP equivalence. We continue to be attentive to your specific needs, because it is important to know that thanks to the weather conditions that we have, the vineyards in Spain have no difficulty in adapting their production to the standards required for certification. More and more cooperatives are offering large organic quantities, following the cheap price curve to which Spain is accustomed.

BIO / ORGANIC	BASE WHITE WINE FOR SPARKLING 10% F/C AT 6	11% F/C Controlled fermentation	12% F/C Controlled fermentation
WHITE WINE BIO	43,00 €/HL (€ 4,30 hº)	44,00 €/HL (€ 4,00 hº)	48,00 €/HL (€ 4,00 hº)
ROSÉ WINE BIO	45,00 €/HL (€ 4,40 hº)	46,20 €/HL (€ 4,20 hº)	50,40 €/HL (€ 4,20 hº)

BIO / ORGANIC	RED WINE 11% IC 5 MIN	RED WINE 12% IC 7 MIN	RED WINE 13% IC 8/9 MIN
RED WINE BIO	44,00 €/HL (€ 4,00 hº)	49,20 €/HL (€ 4,10 hº)	53,30 €/HL (€ 4,10 hº)

WHITE WINE BIO/ORGANIC VARIETAL 100% * CROP 2022		€ Indicatif 12%
WHITE WINE BIO AIREN	4,10 €/HL	€ 49,20/HL
WHITE WINE BIO MACABEO	4,30 €/HL	€ 51,60/HL
WHITE WINE BIO VERDEJO	5,20 €/HL	€ 62,40/HL
WHITE WINE BIO SAUV. BLANC	6,00 €/HL	€ 72,00/HL
WHITE WINE BIO CHARDONNAY	7,00 €/HL	€ 84,00/HL
ROSÉ BIO/ECO VARIETAL 100% * CROP 2022		€ Indicatif 12%
ROSE BIO GARNACHA	4,50 €/HL	€ 54,00/HL
RED WINE BIO/ECO VARIETAL 100% * ERNTE 2022		€ Indicatif 12%
RED WINE BIO TEMPRANILLO	4,00 €/HL	€ 48,00/HL
RED WINE BIO GARNACHA	4,20 €/HL	€ 50,40/HL
RED WINE BIO SYRAH	5,50 €/HL	€ 66,00/HL
RED WINE BIO CABERNET SAUV.	7,00 €/HL	€ 84,00/HL
RED WINE BIO MERLOT	8,00 €/HL	€ 96,00/HL

Concentrate / rectified grape must concentrate 65 Brix – on the base of must prices crop 2022

INDICATIVE PRICE SUBJECT TO CONFIRMATION * PER TANK TRUCK / FLEXITANK EXW Spain. It is very important for this campaign to take into account that the prices offered below may decrease in the coming weeks compared to the prices indicated. In fact, there is great uncertainty about the must stocks and their price development in the coming months. For reasons of market consistency, we are thinking of a price for the MCR of 1.35 - 1.40 €/kg.

100% VITISVINIFERA	PRICE KG	PRICE HL	PRICE % PA
Rectified grape must concentrate 65 BRIX	EUROS 1,60	EUROS 212,00	EUROS 4,05
White grape must concentrate 65 BRIX	EUROS 1,50	EUROS 199,00	EUROS 3,80

Do not hesitate to contact us and let us know your quantities in order to offer you the best conditions on the market.

September 2022