MARKET REPORT SPAIN

2017-10 / Report N°4

We are facing a very fast moving market in Spain despite the actual price level. Our recommendation to make a move as soon as possible.

WEINHERSTELLUNG WELTWEIT

According to the OIV, we have one of the smallest crop worldwide.

Country	2017	V 17/16
Italy	39,3	-23%
France	36,7	-18%
Spain	33,5	-15%
EE.UU	23,3	-1%
Asutralia	13,9	6%
Argentina	11,8	25%
China	11,4	0
S. Africa	10,8	2%
Chile	9,5	-6%
Germany	8,1	-10%

Source: OIV 24/10/2017

Summary of the crop 2017

The harvest started this year mid of August, earlier than usual. The prices payed per kg were approximately 10% higher than the previous year. The official wine production results will be published after the crop declaration in December;

- Cooperatives and wineries estimate a decrease of about 15% on the Spanish wine production.
- Grapes entered very healthy into the wineries, good quality vintage could be expected.
- Alcoholic degree is higher than last year.
- Colour and total acidity of the wines could be less, since due to the early crop grapes didn´t finish the phenolic maturation.
- The shortage is higher on the red- rather than in the white wines. Above all standard red wines have been more affected.
- The big wine cooperatives in Spain claim to have sold almost all their production already.
- White wine production has also been shorter than last year. Additionally it is imperative to remark, that France and Italy purchased big quantities of must during the harvest.
- Spain is experiencing a long “drought”, and since October we only had 30l/m2 of about the 400l/m2 needed. The lack of rain in the next months could have a negative impact in the next year production.
- The price tendency is still upwards, and contracts are made directly on the wine deposits!!

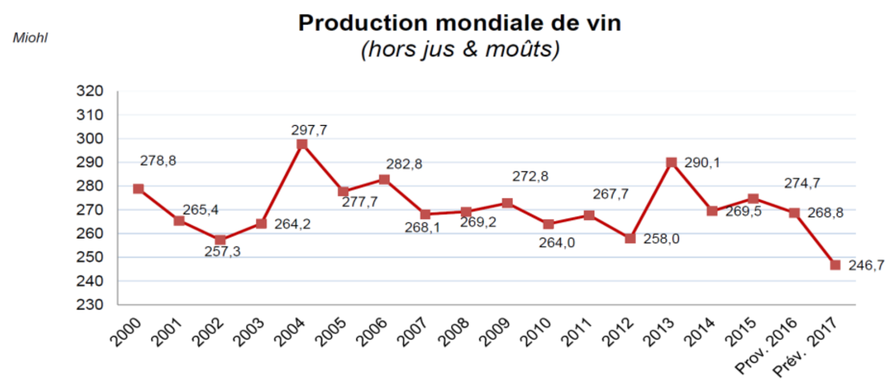
Short crop all around the northern hemisphere

- The European Wine Cooperative Association (COGECA) and the Producer Organization (COPA) estimate a decrease in the European wine market of about 11% - equivalent to 10 mio hl

Country	2017	V 17/16
Portugal	6,6	10%
Rusia	5,6	0%
Romania	5,3	64%
Brasil	3,4	169%
Ungary	2,9	3%
NZ	2,9	-9%
Greece	2,5	-5%
Serbia	2,3	0%
Austria	2,4	23%
Bulgary	1,2	-2%

Source: OIV 24/10/2017

- For the OIV the world production is the lowest in the last 50 years; 8% shorter than last year



Source: OIV 24/10/2017

Prices and price tendency

Spain is still experiencing an upwards price tendency, where prices rise after each contract signed. It is very difficult to anticipate the tendency for the next months. True is that Europe might have for the first time more consumption than production. And adding that the southern hemisphere is almost sold out, it could be that prices stay strong until April next year.

Product	Price €/hl	Tendency
White wine 10-12% vol	52 - 62	↑
Red wine 11 – 13% vol	58 - 69	↑
Red wine 14- 15% vol	77 - 88	↑
Rosé 11 – 12% vol	58 - 65	↑
Organic wines	75 - 85	↑
Varietals (Tempranillo, Syrah, Merlot, Monastrell,...)	80 - 100	↑
Rectified Must Concentrate	2 – 2,10 €/kg	↑

Don´t hesitate to contact us for further information!

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Ask for Samples