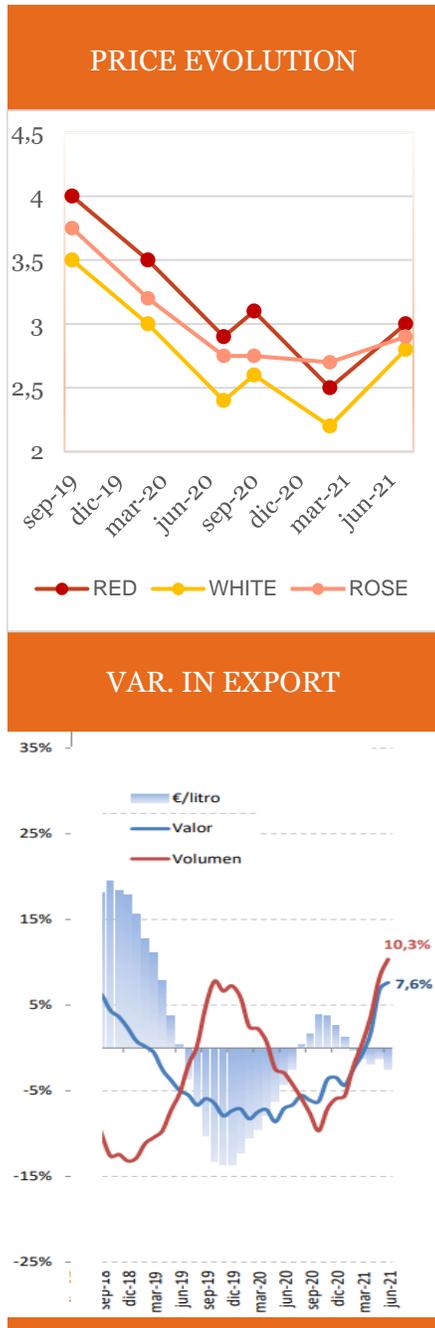


# MARKET REPORT SPAIN



2021-08



## SPANISH HARVEST STARTS UNDER PREASURES TO RAISE THE PRICES OF THE GRAPES

The previous wine campaign was characterized by the aftermath of the restrictions caused by Covid-19. With a large production (close to 46 million Hectoliters) and a consumption fall in our domestic market, prices were down until the end of the first quarter of 2021, when frosts were announced in our neighboring countries like France and Italy. From that moment on, prices rose again and exports also grew.

According to official indications, last season ended with more than 4 million Hls stocks over previous season figures! (approximately 7% above one year before). Producer wineries said they keep more red wine than white wine.

### QUANTITIES ESTIMATION

The harvest has already started with the first ripe grape varieties, although the Airen, the main variety in Spain, will not start until week 36.

Even though it is still something early, the first estimates highlight that the campaign will be shorter in terms of quantity than last year, mainly because it is statistically difficult to have two continuous campaigns with a production higher than the average. The final amount is like every year a fervent discussion.

With a viticulture like the Spanish one, where only half of the vineyard is not irrigated, the grape yields are very subject to the weather. Just this year, Spain has been able to enjoy very marked and typical seasons; rains in autumn and spring, lot of snow in winter and not extremely long periods of high temperatures in summer. With a level of rainfall greater than 350mm (medium level), the vineyards has had enough water reserves to give good yields

As always, some areas have also been affected by temperatures above 40°C and summer storms, but this should fall under the business as usual.

We estimate that Spain should have an average harvest, 40 - 42 million hectoliters, that is, 5-10% less than the previous year, but adding last year surpluses, we should not have any supply problems.



## PRICE EVOLUTION

The price of grapes is much more linked to political and sectoral pressures than the wine price. The large operators have already announced purchase prices of the grapes 15% above the previous year and have had to increase another 10% again due to pressure from farmers. After harvest the price of wine will depend on the market supply and demand and not only from grape prices.

It should be noted that this year government didn't allowed a crisis distillation, as year before, which took out 2 million Hls out of market to compensate for the drop in consumption due to the closure of the hotels and restaurants during covid 19.

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