



# CIATTI

GLOBAL WINE & GRAPE BROKERS

## GLOBAL MARKET UPDATE – AUGUST 2015 VOLUME 6 ISSUE NO. 8

August has brought the heat to the Northern Hemisphere. All across Europe, reports are of very high temperatures, and growers, specifically in Spain, are concerned about the potential affect on crop size. Problems with ripening have been reported, and we will find out in the coming weeks if the European crop will be down significantly from last year. Similarly, in California, reports are beginning to come in regarding crop size, and early indications are for a smaller than average year in some areas of the state. Predictions vary by region, but the coastal regions appear to be experiencing a light harvest year.

Official 2015 crop numbers are beginning to be reported in the Southern Hemisphere, with Australia giving an average sized crop. The supply side has not changed much over the past few years in Australia, with the premium areas seeming to be enjoying the majority of the profitability. South American suppliers welcome the recent snow, which would appear to relieve the water shortage conditions that have been in effect.

The bulk market has been very active over the past thirty days, with buyers in Europe and North America taking advantage of great buying opportunities. Currency fluctuation continues to move pricing in both directions and buyers continue to search for the sweet spots. The market seems to be moving again towards balance, and given the hot weather in Europe and the anticipation of an average to slightly less than average forecast in California, it seems unlikely that we will be far out of balance for the remainder of 2015.



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# ARGENTINA

## TIME ON TARGET

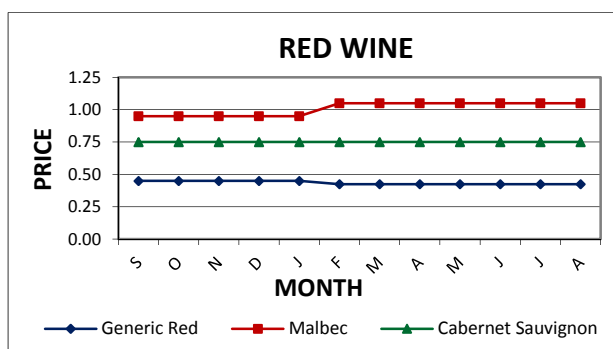
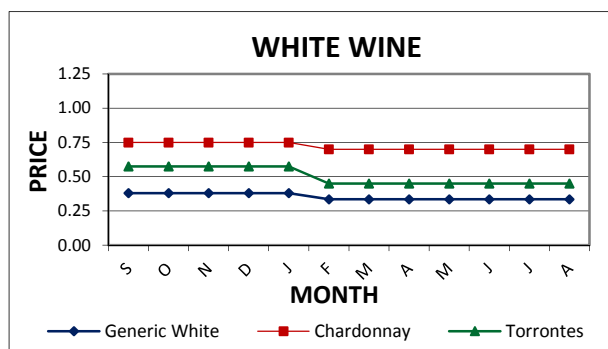
Economic conditions in Argentina have not improved, causing a continued struggle for local businesses and the domestic market. Bulk wine sales are small and payment terms for local deals are longer than before. A surplus of cheap generic white wine remains, with no place to go.

The good news is that a very good snow season is expected, which is welcomed after several years of poor snowfall in Argentina. It is expected that there will be enough water for 2016, even though it may complicate transport at the border. Prices remain stable, similar to that of last month.

## MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	Generic White	0.32 – 0.35	↔	2014	Generic Red	0.40 – 0.45	↔
2014	Generic White (Criolla)	0.30 – 0.32	↔	2014	Cabernet Sauvignon	0.70 – 0.80	↔
2014	Chardonnay	0.65 – 0.75	↔	2014	Malbec Entry-Level	0.80 – 0.90	↔
2014	Torrontes	0.40 – 0.50	↔	2014	Malbec Mid-Level	0.90 – 1.20	↔
2014	Sauvignon Blanc	0.55 – 0.65	↔	2014	Malbec Premium	1.20 +	↔
2014	Muscat	0.35 – 0.45	↔	2014	Syrah / Merlot	0.60 – 0.70	↔
2014	Bonarda	0.50 – 0.70	↔	2014	Tempranillo	0.60 – 0.70	↔



## BITS & PIECES

Local government elections were held last month and the official party lost. This is good news for the future (they will assume power in December), but also bad news for the current situation, as the government is running out of money and all the promises have been forgotten.

Bulk wine exports grew 13% from January to May, up to 38 million liters. This increase was driven by:

- US: 26 million liters and 68% share
- UK: 3.6 million liters and 9.5% share
- Canada: 2.1 million liters and 5.5% share

## AUSTRALIA

The Winemakers Federation of Australia has announced the 2015 Australian grape crush at 1.67 million tonnes. This figure is just below the 8-year average of 1.70 million tonnes. Red grapes crushed accounted for 835,500 tonnes, while white grapes came in at 834,000 tonnes. The top three red varieties picked were Shiraz (23.5%), Cabernet (12.5%) and Merlot (6.4%). For white wines, Chardonnay maintains the lead at 22%, followed by Sauvignon Blanc (5.3%) and Pinot Gris (4.5%). The majority of this fruit comes from the irrigated areas of Australia: Riverland (454,000 tonnes), Sunraysia (382,000 tonnes) and the Riverina (328,000 tonnes).

The report also shows that, on average, just 1% of the crop from South Australia's Riverland was sold at profit this year. The vast majority of the crush (92 %) was sold below the average cost of production, 4% broke even and 3% turned a "low profit". The Riverland figures are in stark contrast to those for growers in other regions of South Australia. More than half of the Barossa vintage (57%) was sold at a profit this year. Growers in McLaren Vale achieved 49% profitability on average. Across Australia, on average, 85% of the vintage was sold at a loss. Tasmania, which focuses on the premium end of the market, sold 99% of the vintage at a profit.

*Source: Winemakers Federation of Australia – 2015 Vintage Report*

In the past 12 months, Australia has seen a 4% increase in wine exports, bringing the volume to 724 million liters. The value has also increased, up by 5% to AUD \$1.89 billion. The growth of this value is driven by a number of factors, including a low Australian dollar and an increase in premium wines being exported to Asia; over 50% of wine exported to China is in the \$7.50+/L segment. Australia currently exports to 122 countries, by way of 1,405 exporters. Australia's biggest export markets include the US – down 7.9% to AUD \$415 million, UK – down 1.5% to AUD \$369 million, China – up 32.1% to AUD \$280 million, Canada – down 0.7% to AUD \$182 million and Hong Kong – up 28.4% to AUD \$112 million.

*Source: AGWA: Wine Export Approval Report – June 2015*

## CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.45 – 0.65	↔	NV	Dry Red	0.60 – 0.75	↔
2015	Chardonnay	0.65 – 0.75	↔	2015	Cabernet Sauvignon	0.75 – 0.95	↔
2015	Sauvignon Blanc	0.85 – 1.00	↔	2015	Merlot	0.70 – 0.90	↔
2015	NZ Marlborough SB	NZ 5.25 – 6.00	↑	2015	Shiraz	0.75 – 0.95	↔
2015	Pinot Gris	1.10 – 1.30	↔	2015	Muscat	0.70 – 0.90	↔

## NEW ZEALAND

Key markets are strong for the New Zealand wine industry, especially in the affluent United States and Canada regions. A smaller grape harvest this season meant that world demand for New Zealand wines was likely to exceed supply, according to New Zealand Winegrowers chief executive Philip Gregan. This would be positive for pricing and the sharp fall in the New Zealand dollar would boost returns. The United States was the biggest market for New Zealand wine, achieving really strong growth, followed by Australia. There had also been a very positive lift in sales to the United Kingdom, as the economy there had recovered strongly.

New Zealand fruit trade has become a heavy hitter as an export, helping to at least partly offset weakness in the dairy and forest products sectors. Data from *Statistics NZ* showed that the value of fruit exports reached an all-time high of \$2 billion in the year to June, up almost 20% from a year earlier. Wine was another strong performer, up 7.3% to \$1.4 billion in the year ending June.

# CALIFORNIA



TIME ON TARGET

Harvest has begun in the southern end of the state, and also for the sparkling producers in coastal regions. Reports from the sparkling houses are showing significant reductions in yields, compared with most previous vintages, especially for Pinot Noir. This indicator, along with field reports of quickly rising sugar levels, seems to show that the California crop is getting lighter. The next few weeks will prove if this downward trend will continue. Cabernet Sauvignon, which is in demand, looks to be light as well. We are seeing smaller sized bunches, due to the long bloom season and subsequent shatter at set. This could cause varying degrees of maturity among both vines and within vineyard blocks. Look for the ripening in all varieties to begin to stack up at wineries over the next month. This could become problematic with many wineries, causing capacity constraints.

## CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	Generic White	0.60 – 0.80	↔	2014	Generic Red	0.80 – 1.05	↓
2013/2014	Chardonnay	0.92 – 1.18	↓	2013/2014	Cabernet Sauvignon	1.25 – 1.98	↔
2014	Pinot Grigio	1.45 – 1.98	↔	2014	Merlot	1.05 – 1.45	↓
2014	Muscat	0.90 – 1.20	↓	2014	Pinot Noir	1.58 – 2.11	↔
2014	White Zinfandel	0.85 – 0.99	↔	2014	Syrah	1.18 – 1.45	↔
2014	Colombard	0.73 – 0.99	↔	2013/2014	Zinfandel	1.32 – 1.72	↓

## BITS & PIECES

The total volume of both domestic and import wine sales within the US increased (+2%) for the first five months of the year. Strong growth of the premium wine volumes has helped to mitigate the losses of volume in value wines and imported bulk wines, which decreased 8%. Bottled imported wines rose 7%, aided by the strong US dollar. Conversely, both exports of US case goods and bulk wine were down 18% and 11% respectively, and we continue to be less competitive versus the rest of the world. Sparkling wine, both import and domestic, continues to grow at an amazing double-digit rate.

Along with the beginning of our harvest season, is the start of the fire season across the entire western US. This season, due to the extended drought, will be more dangerous than ever. News of additional fires will continue into the fall. Reports are calling for an El Nino year, which will be very welcomed by all. The race to get all grapes harvested has just begun...

## CHILE

The official crop report has just been released with 1,286,000,000 liters, similar to crop predictions. Even though the 2015 wine volume is a large amount, the market does not reflect any more pressure than normal. Domestic wineries have been very active buyers and it is believed that the big three have plenty of inventory on-hand. First purchases were of white wines to balance the 2014 inventory, due to the big frost in spring of 2013. White wines, as well as Pinot Noir, Tintorera and generic red wines are short. Red wines have continued to face demand. China continues to be the leading source of demand, followed by Europe, a continuous buyer of Chilean wine.

### CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Generic White	0.46 – 0.60	↑	NV	Generic Red	0.33 – 0.44	↔
2015	Chardonnay (Basic)	0.95 – 1.05	↑	2015	Cabernet Sauvignon (Basic)	0.43 – 0.56	↔
2015	Chardonnay (Varietal Plus)	1.15 – 1.40	↔	2015	Cabernet Sauvignon (Varietal Plus)	0.57 – 0.80	↔
2015	Sauvignon Blanc	0.70 – 0.85	↑	2014/2015	Cabernet Sauvignon (High Quality)	1.50 – 4.00	↔
2015	Pinot Noir	0.85 – 1.15	↔	2015	Merlot	0.43 – 0.63	↔
2015	Syrah	0.45 – 0.55	↔	2015	Malbec (Basic)	0.50 – 0.75	↔
2015	Carmenere	0.45 – 0.55	↔	2015	Malbec (Varietal Plus)	0.75 – 0.95	↔

### EXPORT FIGURES

Wine export Figures (Bulk, Bottled & Sparkling)	January – June 2014			January – June 2015			Volume
	Million Liters	Million US\$ FOB	Average Price	Million Liters	Million US\$ FOB	Average Price	Variance %
Bottled	209.81	705.55	3.36	215.71	688.62	3.19	<b>2.81</b>
Bulk	178.51	145.79	0.82	177.29	126.85	0.72	<b>- 0.69</b>
Sparkling Wines	1.41	6.08	4.30	1.44	6.07	4.22	1.73
Packed Wines	11.49	23.36	2.03	13.14	22.71	1.73	14.36
TOTAL	401.22	880.77	2.63	407.57	844.25	2.47	1.58

Bottled exports grew 2.81% from January to June in 2015 compared to last year, while bulk exports were flat.

### BITS & PIECES

- The drought is expected to continue, although the current rainfall will definitely help. The latest report from August 1<sup>st</sup> states that Santiago is down 78% and Curico down 52% in rainfall.
- The Chilean Peso is the fourth most devalued coin in the world, and as a result, the US dollar has been seeing a steady rise in value. Growers continue to pull out vines, mainly because the grapes are sold in Chilean Pesos, rather than US dollars.
- Recent figures show that the major buying countries have changed. The biggest buyers over the last several years have been the UK and the US in first and second place, respectively. The latest numbers show China as the largest buyer with 100% growth, followed by Japan, the US and the UK in fourth place.
- Come the second week in August, construction will begin on the most modern bottling plant in Chile. This is a partnership project between the Industria Corchera, CristalChile and Emiliana Organic Vineyards.

## FRANCE

### TIME ON TARGET

The French market was rather quiet throughout the month of July, which is normal for this time of year. Bulk negociants remain busy, buying the remaining batches of red and white wines available, while bottlers are loading at a regular pace in order to fulfill their needs. There is still amply supply for red and white wines in every category, including Vin de France, IGP and AOP from all over France. Consequently, the market price for rosé is decreasing and good opportunities are available. Pricing remains stable for red and white wines from all appellations. If no particular weather incidents arise before harvest, growers should release their 2015 wines at similar prices seen at the beginning of the 2014-215 buying campaign.

### CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	Generic White (VDF)	0.90 – 0.92	↓	2014	Generic Red (VDF)	0.80 – 0.85	↔
2014	Chardonnay (VDF)	1.25 – 1.30	↔	2014	Cabernet Sauvignon (VDF)	0.85 – 0.90	↔
2014	Chardonnay (IGP OC)	1.35 – 1.40	↔	2014	Cabernet Sauvignon (IGP OC)	0.95 – 1.05	↑
2014	Sauvignon Blanc (VDF)	1.00 – 1.05	↔	2014	Merlot (VDF)	0.85 – 0.90	↔
2014	Sauvignon Blanc (IGP OC)	1.05 – 1.15	↔	2014	Merlot (IGP OC)	0.95 – 1.05	↑
2014	Generic Rosé (VDF)	0.80 – 0.90	↓	2014	Syrah (IGP OC)	0.95 – 1.05	↑
2014	Varietal Rosé (IGP OC)	0.90 – 0.92	↓	2014	Dry Muscat (IGP OC)	0.95 – 1.00	↔

### BITS & PIECES

The July heat wave has affected every single region of France. Various impacts include an earlier harvest (first week of August in most southern regions), lower production potential, the prevention of physiological activity in the vines and a blockage in the ripening process (in some non-irrigated areas of Languedoc). It also has helped to maintain a perfect sanitary state in the vineyards, with no major issues of mildew or Oidium.

According to crop estimates from the French Ministry of Agriculture on July 20th (see table below), the French harvest should reach 46.6 million hectoliters, down 1% from 2014, but up 5% compared to the 5-year average. However, crop size will differ by region. Expectations are that the crop will be lower in Charente and eastern vineyards (Champagne, Burgundy, Beaujolais) and stable in other regions of France.

Region	5-yr Average (in 1,000 HL)	2014 (in 1,000 HL)	2015 (in 1,000 HL)	2015/2014	2015/Average
Champagne	2,661	2,994	2,637	- 10%	- 1%
Burgundy/Beaujolais	2,259	2,493	2,386	- 4%	6%
Alsace	1,064	1,039	1,017	- 2%	- 4%
Loire Valley	2,714	2,738	2,744	0	1%
Charentes	8,429	8,598	8,091	- 6%	- 4%
South West	3,391	3,423	3,548	- 4%	5%
Bordeaux	5,478	5,642	5,614	0	2%
Languedoc Roussillon	13,033	12,688	13,500	6%	4%

# GERMANY



The hydrological balance is turning more and more into a negative direction. In some parts of the main growing areas, there has already been 150 liter *less* rainfall per square meter (3.7 gallons per square foot) this year, compared to an average year.

Due to last year's bad experience with *Drosophila suzukii*, growers are watching the population very closely. At this point, however, there has been no indication that there will be similar damage this year.

Bulk pricing remains stable, but growers are not offering much more, as long they see certain risks for a smaller crop, especially with the lack of water. It is not expected that this will lead to a price increase before the harvest begins.

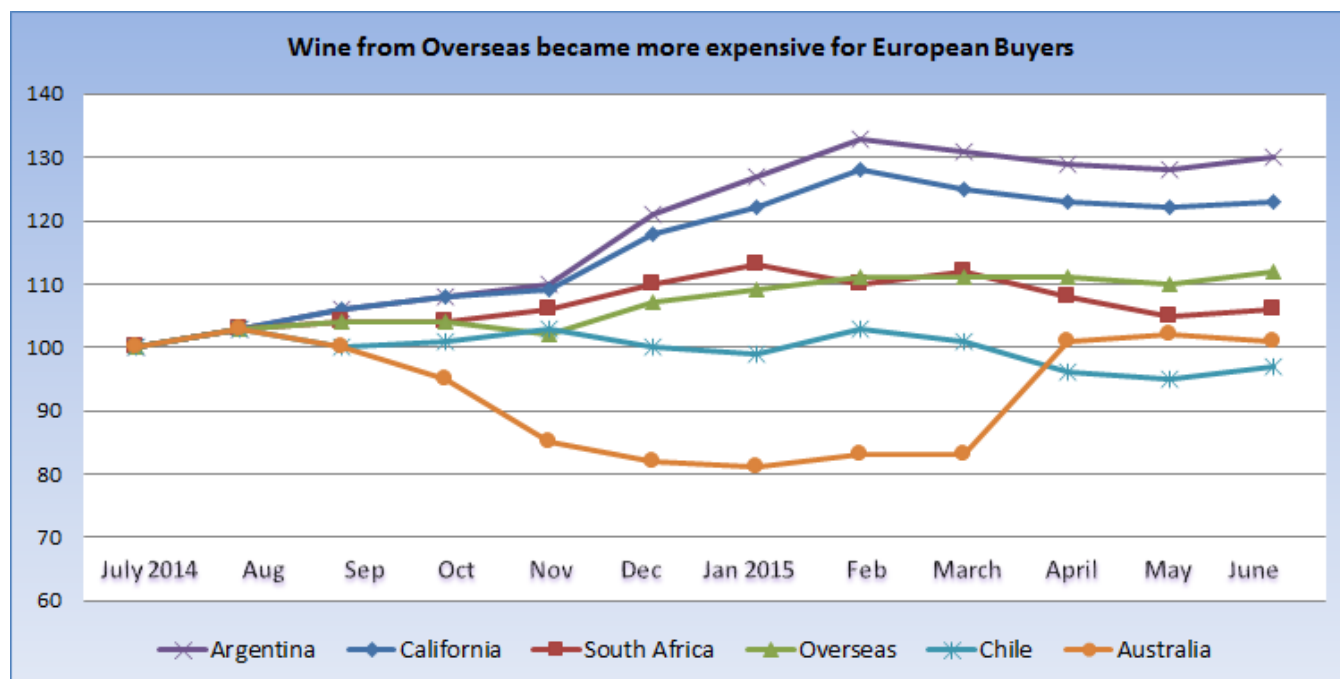
## CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	White Wine	0.85 – 0.95	↔	2014	Red Wine	0.65 – 0.80	↔
2014	Pinot Grigio	0.95 – 1.10	↔	2014	Dornfelder	1.00	↔
2014	Riesling	0.95 – 1.20	↔	2014	Pinot Noir	0.95	↔

## BITS & PIECES

The graph below shows how pricing developed over the last year for European importers of overseas bulk wine, influenced mainly by the exchange rate, rather than the price of the wines.



## ITALY

TIME ON TARGET

Currently, stocks of 2014 vintage wines are low and almost all wines are sold out. This is, in part, due to the fact that the last vintage was not a very big crop. The 2015 crop is looking to be of good size and quality, without disease, however, some people are wondering if the weather will have any effects on the crop. It has been very hot in Italy throughout the last month and temperatures in the South have been around 37-38 degrees Celcius (98-100 F) for a long period of time. All will depend on the next three weeks, however, analysts believe that the 2015 crop will not be a huge crop. There have been very few Grape Juice Concentrate requests, as most people are waiting to see the natural degree of the grape, which should be higher than last year's crop.

## MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	Generic White	0.40 – 0.45	↔	2014	Generic Red	0.45 – 0.50	↔
2014	Chardonnay	0.75 – 0.85	↔	2014	Cabernet Sauvignon	0.60 – 0.70	↔
2014	Pinot Grigio	1.05 – 1.15	↔	2014	Merlot	0.60 – 0.70	↔

## BITS & PIECES

In the Prosecco region, a few changes are taking place, which should allow production to increase to 3 million hectoliters. This year, most wineries arrived short in breath to start the new harvest after a busy season this past year. These changes are not due to an increase of hectares admitted, but rather oenological practices, such as blending wine with 15% wine of other varieties, such as Pinot Gris. Until now, blending was admitted for grapes only.

### Market Pricing

- Prosecco bulk pricing for the 2015 vintage is currently around 1.7 Euros per liter ex-cellar and is already seeing price increases.
- Pinot Grigio is around 1-1.15 Euros per liter ex-cellar. This is mainly due to the new law for Prosecco blending and also due to higher demand from the US.
- Generic white and red wines are around 3.5-4 Euros per grade ex-cellar and prices are increasing due to the Spanish draught.



## SOUTH AFRICA

### TIME ON TARGET

South Africa is now in the middle of the winter season. Much more cold weather and rainfall is needed for the vineyards after coming out of a very dry summer and autumn. Sales and stock levels remain unchanged over the last three months, compared to 2014. There are also no significant changes in 2015 pricing at this stage.

### CURRENT MARKET PRICING

ALL PRICING IN SA RAND PER LITER; FOB CAPE TOWN:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014/2015	Generic White	4.80 – 5.00	↔	2014/2015	Generic Red	5.70 – 6.30	↔
2014/2015	Chenin Blanc	4.80 – 5.20	↔	2014/2015	Cabernet Sauvignon	6.80 – 8.25	↔
2014/2015	Sauvignon Blanc	6.30 – 7.80	↔	2014/2015	Ruby Cabernet	6.00 – 6.30	↔
2014/2015	Chardonnay	6.20 – 7.25	↔	2014/2015	Merlot	6.80 – 8.00	↔
2014/2015	Muscat	5.60 – 6.00	↔	2014/2015	Pinotage	6.35 – 7.50	↔
2014/2015	Generic Rosé	4.85 – 6.00	↔	2014/2015	Shiraz	6.80 – 8.25	↔
2014/2015	Cultivar Rosé	5.70 – 6.60	↔	2014/2015	Cinsaut	5.80 – 6.30	↔

### BITS & PIECES

Over the last 12 months, the South African Rand has gone both up and down anywhere from R 14.20 to R 13.00 against the Euro. The last two months it has been hovering around R 13.80 against the Euro.

There has been a constant weakening of the Rand against the US dollar over the last year. One year ago, it was at R 10.50 against the US dollar and it now stands at R 12.60.

The Cape Wine Show will be held at The Cape Town Convention Centre from September 15 to 17, showcasing most of the wines, services and wine products of South Africa.

Total domestic sales in all wine product ranges and volumes has shown a 7% growth in the last 12 months, compared to the same period last year.

In the last 12 months, about 419 million liters of natural wine were exported, including packaged and bulk wine exports. Of this volume, about 58% were shipped in bulk and 42% as a packaged product. Of the total wine exported, red wine made up 41%, white wine 50% and rose wine 9%.

The UK holds first place for South African wine exported in the last 12 months. Of the total wine exported from South Africa, 24% of all packaged shipments and 28% of all bulk shipments went to the UK. In total, 26% of all South African bulk and packaged wine exports were shipped directly to the UK. Germany holds the second spot with 20% of total exports, 10% of total packaged exports and 27% of all the South African bulk exports for the last 12 months. A distant third is Sweden, which equated to 6% of the total wine exports. These figures show the direct exports, and not where the wine ends up finally.

Source: [www.sawis.co.za](http://www.sawis.co.za)

## SPAIN

### TIME ON TARGET

Throughout the end of July, Spain experienced a serious heat wave, causing concern amongst growers in regards to the potential crop size and lack of alcohol in the new wines to come. It is certain that Spanish crop results will vary by area of production. Northern Spain (Rioja, Ribera del Duero, Rueda, etc.) and the Valencia Region should produce more than last year, but the biggest crop loss should be in La Mancha.

The national cooperative syndicate has announced that the crop size should reach 41.5 million hectoliters, down 6.3% from 2014. Of this, 22 million hectoliters is expected to come from La Mancha (25.15 million hectoliters last year, down 12.2%). These figures are not certain, as the non-irrigated vineyards in La Mancha could continue to see effects (stopped ripening process) from the heat wave if temperatures remain high with no rain by harvest.

### CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014	Generic White	0.20 – 0.30	↔	2014	Generic Red	0.35 – 0.42	↔
2014	Generic Rosé	0.32 – 0.35	↔	2014	Cabernet Sauvignon	0.45 – 0.50	↔
2014	Moscatel	0.60 – 0.65	↔	2014	Merlot	0.45 – 0.50	↔
2014	Syrah	0.42 – 0.50	↔	2014	Tempranillo	0.35 – 0.40	↔

\* Due to the persistent heat, pricing is subject to change

### BITS & PIECES

In terms of market activity, inventories are balanced and decreasing slightly, with around 10 million hectoliters of wine still available (4 million hectoliters less than last year-to-date). Consequently, pricing remains stable for red and rosé wines, while increasing for white wines.

Rectified Grape Juice Concentrate market pricing is also increasing, which is normal before the harvest, but good opportunities can still be found.

It remains much too early to announce pricing for the upcoming crop, but if weather conditions remain as they are now, or even with moderate rainfall, the market price should remain similar to that of last year in the beginning of the buying campaign.

# BUYER'S PAGE: CONCENTRATE

## THE UNITED STATES

For the first time in the history of domestic production of Grape Juice Concentrate (GJC) in the United States, Red Grape Juice Concentrate (RGJC) production was almost exactly the same as the production for White Grape Juice Concentrate (WGJC).

Estimates have WGJC coming in at approximately 10,000,000 gallons, whereas RGJC accounted for approximately 9,500,000 gallons. The major difference was that RGJC continues to see strong demand from both wineries and the food beverage industry, while domestic WGJC sales have been marginal at best.

The Rubired grape has become a valuable commodity in GJC production. Two major contributors are wineries, desiring dark, fruit-forward wines, and the food and beverage industries, favoring all natural colorants for juice markets.

While the Rubired grape has become a necessary mainstay for the domestic GJC market, the Thompson Seedless grape should be put on the "endangered species list", as it truly is becoming an unsustainable crop for the GJC market.

With the drought in full swing, the high value of land, and ever-increasing cost of water, it is becoming more and more clear that bringing in this crop for GJC is unsustainable.

Whether it be laying the crop down to raise or plowing the acreage in favor of the more profitable nut and tree fruit alternatives, it has become clear that domestic WGJC is the least attractive crop for a farmer to invest in.

As you will see below, both Argentina and Spain are producing the majority of the world's WGJC and with both countries' economies in peril, pricing is far too cheap for US farmers and processors to compete with. The same fear does not exist for the Rubired grape as for the Thompson Seedless grape, due to its unique pigment stability for coloring fruit juices and winery demands for the California appellation. Together, these make the Rubired crop very viable.

## ARGENTINA, SPAIN, CHILE

### Argentina

Argentina continues to try and stay afloat economically, as inflation and the lack of any type of government support has more farmers and concentrate producers struggling to make ends meet. While Argentina had a decent harvest of 26 million gallons this spring. Of this, 23 million gallons have been sold, 11 million gallons of which were sold to the US. In the past, pricing was around \$4.00- \$5.00 per gallon (in bulk, ex plant) in an attempt to keep cash flow moving. However, this is not even close to being sustainable, and we should expect to see more economic fallout if this continues in the next harvest season.

### Spain

The production of Spanish GJC increased dramatically to an estimated 21 million gallons, with 80% of that product being WGJC. This represents more than a 36% increase from last year's harvest. Pricing for this crop was also very low, as they competed with Argentina to vie for the global market place. Spain is also facing a very difficult season of economic instability, but seems to be faring better than Argentina thus far.

### Chile

Chile is expected to export between 6 and 6.5 million gallons of GJC this year, with more than 90% of this being RGJC. Chile has done an excellent job in exporting RGJC to countries like Japan, South Korea, China and other Pacific Rim countries, due, in part, to their aggressive trade programs and low or nonexistent duties.

**Export Pricing: USD per liter**  
**Currency Conversion Rates as of August 6, 2015**

**ARGENTINA**

Pricing in bulk; FCA

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.32	-	0.35	↔	2014	Generic Red	0.40	-	0.45	↔
2014	Generic White (Criolla)	0.30	-	0.32	↔	2014	Cabernet Sauvignon	0.70	-	0.80	↔
2014	Chardonnay	0.65	-	0.75	↔	2014	Malbec Entry-Level	0.80	-	0.90	↔
2014	Torrontes	0.40	-	0.50	↔	2014	Malbec Mid-Level	0.90	-	1.20	↔
2014	Sauvignon Blanc	0.55	-	0.65	↔	2014	Malbec Premium	1.20		+	↔
2014	Muscat	0.35	-	0.45	↔	2014	Syrah / Merlot	0.60	-	0.70	↔
2014	Bonarda	0.50	-	0.70	↔	2014	Tempranillo	0.60	-	0.70	↔

**AUSTRALIA & NEW ZEALAND**

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Dry White	0.33	-	0.48	↔	NV	Dry Red	0.44	-	0.55	↔
2015	Chardonnay	0.48	-	0.55	↔	2015	Cabernet Sauvignon	0.55	-	0.70	↔
2015	Sauvignon Blanc	0.62	-	0.73	↔	2015	Merlot	0.51	-	0.66	↔
2015	NZ Marlborough SB	3.86	-	4.41	↑	2015	Shiraz	0.55	-	0.70	↔
2015	Pinot Gris	0.81	-	0.95	↔	2015	Muscat	0.51	-	0.66	↔

AUD Rate: 0.734572

NZD Rate: 0.655400

**CALIFORNIA**

Pricing in bulk; FCA

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.60	-	0.80	↔	2014	Generic Red	0.80	-	1.05	↓
2013/2014	Chardonnay	0.92	-	1.18	↓	2013/2014	Cabernet Sauvignon	1.25	-	1.98	↔
2014	Pinot Grigio	1.45	-	1.98	↔	2014	Merlot	1.05	-	1.45	↓
2014	Muscat	0.92	-	1.32	↓	2014	Pinot Noir	1.58	-	2.11	↔
2014	White Zinfandel	0.85	-	0.99	↔	2014	Syrah	1.18	-	1.45	↔
2014	Colombard	0.73	-	0.99	↔	2013/2014	Zinfandel	1.32	-	1.72	↓

**CHILE**

Pricing in bulk; FOB Chilean Port

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Generic White	0.46	-	0.60	↑	NV	Generic Red	0.33	-	0.44	↔
2015	Chardonnay	0.95	-	1.05	↑	2015	Cabernet Sauvignon (Basic)	0.43	-	0.56	↔
2015	Chardonnay (Varietal Plus)	1.15	-	1.40	↔	2015	Cabernet Sauvignon	0.57	-	0.80	↔
2015	Sauvignon Blanc	0.70	-	0.85	↑	2014/2015	Cabernet Sauvignon (High Quality)	1.50	-	4.00	↔
2015	Pinot Noir	0.85	-	1.15	↔	2015	Merlot	0.43	-	0.63	↔
2015	Syrah	0.45	-	0.55	↔	2015	Malbec	0.50	-	0.75	↔
2015	Carmenere	0.45	-	0.55	↔	2015	Malbec (Varietal Plus)	0.00	-	0.00	↔

**FRANCE**

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.98	-	1.00	↓	2014	Generic Red	0.87	-	0.93	↔
2014	Chardonnay VDF	1.37	-	1.42	↔	2014	Cabernet Sauvignon VDF	0.93	-	0.98	↔
2014	Chardonnay IGP OC	1.47	-	1.53	↔	2014	Cabernet Sauvignon IGP OC	1.04	-	1.15	↑
2014	Sauvignon Blanc VDF	1.09	-	1.15	↔	2014	Merlot VDF	0.93	-	0.98	↔
2014	Sauvignon Blanc IGP OC	1.15	-	1.26	↔	2014	Merlot IGP OC	1.04	-	1.15	↑
2014	Generic Rosé VDF	0.87	-	0.98	↓	2014	Syrah IGP OC	1.04	-	1.15	↑
2014	Varietal Rosé IGP OC	0.98	-	1.00	↓	2014	Dry Muscat IGP OC	1.04	-	1.09	↔

**Rate:** 1.092290

**GERMANY**

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2013/2014	White Wine	0.93	-	1.04	↔	2013/2014	Red Wine	0.71	-	0.87	↔
2013/2014	Pinot Grigio	1.04	-	1.20	↔	2013/2014	Dornfelder	1.09			↔
2013/2014	Riesling	1.04	-	1.31	↔	2013/2014	Pinot Noir	1.04			↔

**Rate:** 1.092290

**ITALY**

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.44	-	0.49	↔	2014	Generic Red	0.49	-	0.55	↔
2014	Chardonnay	0.82	-	0.93	↔	2014	Cabernet Sauvignon	0.66	-	0.76	↔
2014	Pinot Grigio	1.15	-	1.26	↔	2014	Merlot	0.66	-	0.76	↔

**Rate:** 1.092290

**SOUTH AFRICA**

Pricing in bulk; FOB Cape Town

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014/2015	Generic White	0.38	-	0.39	↔	2014/2015	Generic Red	0.45	-	0.50	↔
2014/2015	Chardonnay	0.49	-	0.57	↔	2014/2015	Cabernet Sauvignon	0.53	-	0.65	↔
2014/2015	Sauvignon Blanc	0.50	-	0.61	↔	2014/2015	Ruby Cabernet	0.47	-	0.50	↔
2014/2015	Generic Rosé	0.38	-	0.47	↔	2014/2015	Merlot	0.53	-	0.63	↔
2014/2015	Cultivar Rosé	0.45	-	0.52	↔	2014/2015	Pinotage	0.50	-	0.59	↔
2014/2015	Chenin Blanc	0.38	-	0.41	↔	2014/2015	Shiraz	0.53	-	0.65	↔
2014/2015	Muscat	0.44	-	0.47	↔	2014/2015	Cinsaut	0.46	-	0.50	↔

**Rate:** 0.078593

**SPAIN**

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.22	-	0.33	↔	2014	Generic Red	0.35	-	0.46	↔
2014	Generic Rosé	0.35	-	0.38	↔	2014	Cabernet Sauvignon	0.49	-	0.55	↔
2014	Moscatel	0.66	-	0.71	↔	2014	Merlot	0.49	-	0.55	↔
2014	Syrah	0.46	-	0.55	↔	2014	Tempranillo	0.38	-	0.44	↔



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GLOBAL WINE & GRAPE BROKERS

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