



GLOBAL MARKET UPDATE – FEBRUARY 2016

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As we approach the harvest season in the Southern Hemisphere, weather conditions have some concerned in selected markets. Chile and Argentina both have experienced cold and wet springs and an early summer. Australia and South Africa are experiencing hot and dry summer seasons. Bulk inventory remains stable in most of the markets in the Southern Hemisphere, with some value-end wines increasing in stock.

The suppliers in the Europe are reporting warmer than normal winter seasons, which has caused for some concern about the coming 2016 harvest. It is very early to make any predictions, as the frost season is still to come. The California crop report will be released later in the week, and most expect that the report will show a decline in volume from the previous year.

The bulk market has started with strong activity in 2016 and prices seem to be stable in most markets. Industry players are now getting themselves ready for the coming ProWein show in Germany. All expect large attendance participation, and buying activity should be strong.



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ARGENTINA

TIME ON TARGET

The harvest in Argentina has been delayed by 10 days due to weather conditions. The INV forecast review indicates a potential shortage of 10-15% compared to an average crop (2.7 million metric tons). Persistent rain and difficult weather conditions continued through the month of January. Most growers are working hard to control peronospora and botrytis issues, and as harvest now approaches, it is evident that this will be a challenging year for winemakers as the grapes arrive into the wineries.

MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2015	Generic White	0.32 – 0.35	↔	2015	Generic Red	0.40 – 0.45	↔
2015	Generic White (Criolla)	0.30 – 0.32	↔	2015	Cabernet Sauvignon	0.70 – 0.80	↔
2015	Chardonnay	0.65 – 0.75	↔	2015	Malbec Entry-Level	0.80 – 0.90	↔
2015	Torrontes	0.40 – 0.50	↔	2015	Malbec Mid-Level	0.90 – 1.20	↔
2015	Sauvignon Blanc	0.55 – 0.65	↔	2015	Malbec Premium	1.20 +	↔
2015	Muscat	0.35 – 0.45	↔	2015	Syrah / Merlot	0.60 – 0.70	↔
2015	Bonarda	0.50 – 0.70	↔	2015	Tempranillo	0.60 – 0.70	↔

FACTS & FIGURES

There have been fewer offers on the bulk wine market for red wines and some wineries are holding their wines until results of the 2016 crop are known. In the meantime, the new Argentine government has announced a program of 65 million Pesos to help small growers (up to 20 hectares in size) that still have carry-over stocks from 2015 or previous vintages. The program will buy these wines, removing about 20 million liters of wine from the domestic market and give these small growers financial assistance to harvest 2016 grapes.

The recent devaluation had no impact on pricing, due to the fact that inflation has been and remains above 30% per year. There are no expectations that this will change in 2016, but dependent upon the 2016 harvest results and the new economic scenario, Argentina could expect a more realistic situation by mid-year.

Statistics from INV for 2015 show an increase in volume of local consumption by 3%. The statistics also show a 1.7% increase in exports from Argentina

AUSTRALIA

Harvest has commenced in the usual fashion in Australia with hot weather, bushfires and general dry conditions. Many regions suffered from an average to poor set, coupled with a lack of rainfall, which has produced loose bunches with small berries. Purchased water remains expensive. Other regions have received substantial rainfall, the Hunter Valley in particular, while the Murray Darling area has had to contend with some warmer wet weather. White wines remain in demand with Pinot Gris, Sauvignon Blanc and Chardonnay at the top of the forefront. Red wine requests remain steady as 2015 inventories are now beginning to deplete.

The value of Australian wine exports has increased by 14% to AUD \$2.1 billion, the highest value seen since 2007. They expect that the current free trade agreements and declining Australian dollar are the main factors contributing to this success. Bottled goods are the main driver with an average value of \$5.20/L versus bulk at \$0.97/L. The premium division makes the most of this increase in value with each price segment between \$10-14.99 up to over \$200+ displayed an increase in value from 16 to 55%. The entry-level price components also demonstrated a surge in value, but at smaller increments of 3-16%. 64 of the 97 countries which receive Australian wine recorded an increase in value, with China being a notable player. They now take in \$13 million worth of bulk wine versus \$356 million of bottled goods. Export volumes increased by 6.4% to 744 million liters.

USA remains Australia's No.1 export market by value at \$443 million, but volume in 2nd place at 168 million liters. The UK is 2nd in value at \$376 million but first in volume at 247 million liters.

China is currently 3rd in value and volume worth \$370 million, receiving 68 million liters.

Australia has seen a decline of 2% in the number of bulk containers shipped from Australia – factors showing that more wine is being bottled here for the Asian market and the declining Aussie dollar is working in our favor. Japan and South Korea have shown an increase in intake due to the reduction of tariffs.

CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.50 – 0.65	↑	NV	Dry Red	0.60 – 0.75	↔
2015	Chardonnay	0.70 – 0.90	↑	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 4.85 – 5.50	↓	2015	Shiraz	0.75 – 0.95	↔
2015	Pinot Gris	1.10 – 1.30	↔	2015	Muscat	0.70 – 0.90	↔

NEW ZEALAND

New Zealand has also recorded a record high in the value of wine exports reaching NZD \$1.54 billion, a 14% increase on their 2014 figures. Wine is currently NZ's 6th largest export. The USA market remains as in top position valued at NZD \$430 million, an increase of 26%. Canada has increased by 18% to \$100 million and the UK up 12% to \$380 million. The lower NZ dollar has assisted here with along with a smaller crush of 326,000 tonnes from 2015. The 2014 vintage provided 445,000 tonnes whilst 2013 produced 345,000 tonnes. The wine industry aims to reach NZD \$2 billion in exports by 2020.

Dry conditions have plagued the majority of the growing season but substantial rainfall (30mm) has finally arrived for the Marlborough region. Blenheim had recorded the driest year on record since 1930 with a recorded 381mm of rainfall in 2015 versus the long term average of 643mm. The rain was welcomed but growers expect continued dry weather as El Nino comes into full effect with westerly dry winds and the prospect of bushfires.

CALIFORNIA

TIME ON TARGET

Last month's annual Unified Wine and Grape Symposium in Sacramento was well-attended and enjoyed by all Ciatti employees and customers. The overall tone of the show was upbeat, positive and energetic with all growers, vintners and suppliers. The Ciatti dinner on Wednesday night was a huge success and we appreciate all those who attended.

The demand for high-end and sub-appellation varietal wine and grapes continues to dominate the interest and sales in California. We are seeing continued pricing increases in the market, as buyers scramble to secure ever-scarce supply. The lighter yields from the 2015 vintage in the coastal regions have created demand conditions not seen over the last four years. Hopefully the 2016 growing season will provide a bounce-back vintage harvest for the coastal vineyards. Also, this current demand is healthy, given the large amount of new plantings and re-plantings that will now be producing fruit over the next two to three seasons. Bigger harvests are in California's future. Ciatti will be providing further details of the California crop report, which will be released February 10th in a separate Ciatti California Report.

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	↓
2014	Chardonnay	0.99 – 1.32	↔	2013/2014	Cabernet Sauvignon	1.45 – 2.11	↑
2014	Pinot Grigio	1.58 – 1.98	↔	2014	Merlot	1.05 – 1.58	↔
2014	Muscat	0.92 – 1.32	↓	2014	Pinot Noir	1.58 – 2.11	↑
2014	White Zinfandel	0.85 – 0.99	↔	2014	Syrah	1.18 – 1.58	↔
2014	Colombard	0.73 – 0.99	↔	2013/2014	Zinfandel	1.45 – 1.85	↔

FACTS & FIGURES

Throughout the first 11 months of 2015, overall US sales continued with steady growth, but at less than 2%. Further breakdown shows California growth coming only from sparkling wines (+4%) or wines produced over 14 percent alcohol (+14%). The latter relates directly to the premium wine segment, selling at higher price points. Imported bottled wines are up (+6%), while bulk imports are down (-6%). Interestingly, when all the data is collected, the only growth in the US market seems to be coming from imported bottle goods, and that only amounts to an overall increase of 4.7m cases, with one month left to report. The decrease of the value category continues to flatten the majority of solid growth in premium wines.

CHILE

TIME ON TARGET

Expectations for the Chilean 2016 harvest are for 15-20% lower than last year. There is even some talk of a 30% decrease, which is excessive in our opinion. El Niño remains present during recent Chilean summer months, with some very hot days, and soon, some very cool, foggy and cloudy days. Spring was cooler than normal, and as mentioned in previous reports, Oidium and Botrytis have been found in several vineyards. Some buyers have cancelled their purchased grapes due to these diseases. This is mainly happening in vineyards that haven't been keeping up with the necessary labor.

Tintorera, Sauvignon Blanc and Pinot Noir grapes are completely sold out. There is also demand for other varieties, mainly from vineyards with vertical trellis conduction. This is the opposite situation compared to the five previous years, where high yield pergola grapes were the seeing the most demand. Carmenere grapes have also faced higher demand, driven by China, which has purchased Carmenere wine in bulk. Chardonnay grapes have shown a price reduction as expected, opposite to Sauvignon Blanc, which is seeing higher demand from more countries than ever before. The year 2016 started with some European demand and is now seeing demand from around the globe.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Generic White	0.45 – 0.55	↔	NV	Generic Red	0.38 – 0.43	↔
2015	Chardonnay (Basic)	0.95 – 1.05	↔	2015	Cabernet Sauvignon (Basic)	0.47 – 0.51	↔
2015	Chardonnay (Varietal Plus)	1.15 – 1.40	↔	2015	Cabernet Sauvignon (Varietal Plus)	0.55 – 0.75	↔
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	0.49 – 0.63	↔
2015	Syrah	0.48 – 0.58	↔	2015	Malbec (Basic)	0.60 – 0.70	↔
2015	Carmenere	0.48 – 0.58	↔	2015	Malbec (Varietal Plus)	0.75 – 0.95	↔

EXPORT FIGURES

Wine export Figures (Bulk, Bottled & Sparkling)	January – December 2014			January – December 2015			Volume
	Million Liters	Million US\$ FOB	Average Price	Million Liters	Million US\$ FOB	Average Price	Variance %
Bottled	451.85	1,515.58	3.35	476.49	1,509.93	3.17	5.45
Bulk	317.28	256.60	0.81	366.27	253.45	0.69	15.44
Sparkling Wines	4.09	17.26	4.22	4.35	17.76	4.09	6.30
Packed Wines	26.67	50.41	1.89	28.62	48.23	1.68	7.32
Total	799.89	1,839.86	2.57	875.74	1,829.37	2.41	9.48

FRANCE

TIME ON TARGET

Like its southern neighbors, France is currently experiencing spring, which arrived two months in advance. In most wine producing regions, temperatures are much higher than average, spreading concerns amongst growers. Vine parasites and wood diseases aren't being stopped, due to the lack of cold and frost, which could be dramatic if the vines have already started bud break. While western and central parts of France have seen decent rainfall, southern regions have recorded very small and irregular drops. The situation remains under control thus far and doesn't affect the market directly, but soon could be worrying.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2015	Generic White	0.80 – 0.85	↓	2015	Generic Red	0.70 – 0.80	↓
2015	Chardonnay IGP	1.20 – 1.40	↔	2015	Cabernet Sauvignon IGP	0.95 – 1.10	↔
2015	Chardonnay VDF	1.15 – 1.20	↔	2015	Cabernet Sauvignon VDF	0.85 – 0.95	↑
2015	Sauvignon Blanc IGP	0.95 – 1.10	↑	2015	Merlot IGP	0.90 – 1.05	↓
2015	Sauvignon Blanc VDF	0.90 – 1.10	↑	2015	Merlot VDF	0.85 – 0.90	↔
2015	Generic Rosé IGP	0.85 – 0.90	↓	2015	Syrah / Grenache	0.92 – 1.00	↔
2015	Generic Rosé VDF	0.75 – 0.85	↓				
2015	Varietal Rosé IGP	0.85 – 0.90	↓				

FACTS & FIGURES

In terms of bulk market activity, the last two months of 2015 have seen strong sales figures compared to a normal year, with contracts and loadings in advance. This is especially true for Cabernet Sauvignon and Sauvignon Blanc, followed by Chardonnay and Merlot. Varietal and generic rosé wine sales are behind that of last year as a consequence of older wine carry-over stocks remaining on clearance and thus delaying new wine sales and shipping.

By the end of January, the market was in a slowdown, waiting for upcoming wine fairs to speed up sales again. In other regions (i.e. Rhone Valley, Bordeaux, Loire), bulk wine sales are running at a regular pace with stable pricing.

The domestic case good market remains solid, but exporters are witnessing slower sales in their traditional markets (UK, US or Asia).

GERMANY



TIME ON TARGET

The German bulk wine market remains quiet. Buyers aren't in a hurry, due to the current stock situation. Cellars are full with extra remaining wine from the 2014 vintage, and after an average sized 2015 crop, there is simply too much market pressure. This situation would change only if German wine sales would increase, but unfortunately, there is no indication that this will happen at this point in time. Hopes are that this situation will change in the near future.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2014/2015	White Wine	0.75 – 0.85	↔	2014/2015	Red Wine	0.65 – 0.80	↔
2014/2015	Pinot Grigio	0.95 – 1.20	↔	2014/2015	Dornfelder	0.95 – 1.05	↔
2014/2015	Riesling	0.95 – 1.20	↔	2014/2015	Pinot Noir	0.85 – 1.00	↔

MARKET POWER : THE UNCANNY CONCENTRATION OF SUPERMARKET GIANTS

What if 85% of the market was dominated by just four supermarket chains? The Federal Cartel Office is concerned about the distribution of forces in the industry and has investigated this over the last several years. Aldi, Rewe, Lidl and Edeka dominate the food trade, with a market share of 85%. Hardly any of the major EU countries buys as sparingly as the Germans; 11% of their household income is spent on food and non-alcoholic drinks. The EU average is 12.9%. At the forefront is Italy, with a value of 14.4%. Behind Germany are, for example, Austria and Great Britain (9.4%).

Among the major supermarkets, Edeka is the greatest, totaling nine to ten million square meters, which is almost five times as big as Lidl and three times bigger than Aldi. The concentration of major supermarkets in Germany has increased significantly in recent years. In 1999 there were eight large retail chains in Germany, which jointly had a market share of 70%. The actual market share of discounters in the total food retail sector totals approximately 40%. By comparison, in France, discounters have just 11% market share.

In the medium-term there are many indications that four companies will divide the food retail sector in Germany and will gain enough power to dictate prices. Such tendencies have been already observed. The actual pressure on suppliers is very high and to be on the shelf of the four big players is crucial.

The federal Cartel Office is also concerned about the fact that lower prices mostly result in lower qualities and less variety, since smaller suppliers will disappear more and more. Sales have been increasing for Fair Trade and Bio products in recent years. Will a new consciousness change the actual development?

ITALY



TIME ON TARGET

Italy is experiencing an early spring. February has brought cool temperatures around 20° C to southern Italy, which is quite unusual for this time of year. The lack of rain and snow in the northern regions of Italy could be record breaking. The risk of frost is on most growers' minds.

Italian wine export statistics for 2015 show a general increase in the average sold price of Italian wines. The average price will now be situated between that of French and Spanish wines. From January-September 2015, the average price of bulk Italian wine exports was 0.728 Euros per liter.

MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2015	Generic White	0.32 – 0.35	↔	2015	Generic Red	0.32 – 0.35	↔
2015	Chardonnay	0.60 – 0.85	↔	2015	Cabernet Sauvignon	0.60 – 0.80	↔
2015	Pinot Grigio	1.05 – 1.15	↔	2015	Merlot	0.55 – 0.75	↔
2015	Prosecco	2.50 – 2.60	↑	2015	Chianti	1.55 – 1.80	↔

FACTS & FIGURES

- After a positive Christmas season for Italian wine exports, the January bulk wine market is a bit calmer and big bottlers are proceeding with deliveries for their programs. Not much wine remains unsold, especially for trendy wines from northern Italy, such as Prosecco, Pinot Grigio, Chardonnay and Verona wines in general.
- The market for Chianti and Montepulciano d'Abruzzo DOC 2015 wines is a bit slower compared to the 2014 vintage, but quotes are around the same price as last year (Chianti 1.55-1.80 Euros per liter, Montepulciano 0.80-0.95).
- Primitivo IGT and DOC continue to see good sales to foreign markets (quotes around 1.15-1.50 EUR/L for IGT and 2.00-2.40 for DOC).
- Pinot Grigio IGT is around 1.10-1.30 EUR/L.
- Prosecco is not less than 2.50 EUR/L and is now difficult to find.
- International varietals are seeing good sales, with a wide range of pricing, dependent upon pricing, quality and availability.

SOUTH AFRICA

TIME ON TARGET

Harvest in South Africa started 2 week earlier than the average seen over previous years. Every winery has started harvest due to the warm and extremely dry conditions that have persisted over the last 8 months. The general feeling, backed by statistics, is that this is the driest year seen in the last 40 years. This has an effect on all wine regions, especially in dry land areas, where the crop will be less than that of 2015. Predictions differ at this stage, but expectations are that the crop will be down between 10-20% overall.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2015/2016	Generic White	4.90 – 5.25	↑	2015/2016	Generic Red	5.70 – 6.40	↔
2015/2016	Chardonnay	6.50 – 7.50	↑	2015/2016	Cabernet Sauvignon	7.00 – 8.50	↑
2015/2016	Sauvignon Blanc	6.50 – 8.50	↑	2015/2016	Ruby Cabernet	6.00 – 6.30	↔
2015/2016	Chenin Blanc	4.95 – 5.70	↑	2015/2016	Merlot	6.80 – 8.00	↔
2015/2016	Muscat	5.75 – 6.25	↔	2015/2016	Pinotage	6.35 – 7.50	↔
2015/2016	Generic Rosé	4.95 – 6.00	↔	2015/2016	Shiraz	6.80 – 8.25	↔
2015/2016	Cultivar Rosé	5.70 – 6.60	↔	2015/2016	Cinsaut	5.80 – 6.30	↔

FACTS & FIGURES

South Africa Market Overview

- The South African Rand has weakened substantially against the Euro, British Pound and the US Dollar since the beginning of December 2015. This will have a negative effect on all imports into South Africa, particularly finished products, but also all products and machines used in the wine industry. It might have a positive impact for South African wine due to better pricing once converted into the other major currencies.
- The carry-over stocks from 2015 to 2016 were higher than previous years, especially for red wines. It remains to be seen if this will have an effect on 2016 wines, prices and offers.
- Due to the early harvest, 2016 wines will be ready to ship very early this year.
- The smaller crop is looking good at this stage, but it is still too early to say for sure. If very warm conditions persist, even lower yields than before will be evident. Available water in many areas is no longer in existence.
- There are many factors that can and will have an effect on pricing at this stage. Many wineries are already offering on 2016 vintage wines at this stage. Some factors that will affect pricing are 2015 versus 2016 vintage, quick shipment, early 2016 shipment, actual size of 2016 crop (effect of the dry and warm conditions over next month), different quality levels within each varietal and the volume per varietal remaining available.
- There are decent 2015 volumes still available of dry white, dry red, generic rosé and Pinotage.
- Some varietals like Cabernet sauvignon, Chardonnay and Sauvignon Blanc may be in short supply in 2016.

SPAIN

TIME ON TARGET

Castilla La Mancha, which normally registers cold temperatures, frost and moderate snowfall this time of year, has instead been experiencing exceptionally high temperatures, combined with very small to moderate rainfall in many wine growing areas. Taking into account the heat wave of last summer, this could soon impact water supply availability for the next crop. In the vineyards, some early varieties are already showing signs of awakening. Pruning pace and progress has been impacted, as some vines are still experiencing sap rising and early varieties will soon see bud burst if the current weather patterns continue.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2015	Generic White	0.25 – 0.35	↑	2015	Generic Red	0.28 – 0.35	↑
2015	White Blends (Higher Quality)	0.40 – 0.60	↑	2015	Generic Red (Higher Quality)	0.35 – 0.50	↑
2015	Sauvignon Blanc	0.52 – 0.56	↔	2015	Cabernet Sauvignon	0.50 – 0.65	↔
2015	Chardonnay	0.60 – 0.65	↔	2015	Merlot	0.55 – 0.70	↔
2015	Generic Rosé	0.28 – 0.38	↔	2015	Tempranillo	0.40 – 0.60	↑
2015	Varietal Rosé	0.40 – 0.50	↑	2015	Syrah	0.45 – 0.60	↔
2015	Moscatel	0.45 – 0.60	↔				

FACTS & FIGURES

The domestic market has remained active over the last few months, with transactions and loadings running at a good pace. Significant sales of basic white wine are taking place, making this category a bit harder to find that usual for this time of year. International buyers remain present in the market, covering their short to mid-term needs and loading at a regular pace.

The combination of unfavorable winter meteorological conditions, combined with a smaller crop and an active market overall, is causing growing concern for the current market evolution and next crop potential. There is currently a noticeable market reaction and a moderate price increase can be expected for all categories. Growers will be relieved only once the risk of frost has gone and rainfall makes a comeback. The situation is not critical, but buyers could be led to re-think their mid to long-term needs if any climatic incident occurs within the next couple of months. For now, Spain remains very attractive in terms of both pricing and quality, with good opportunities on good standard material with sufficient volume.

BUYER'S PAGE: GERMANY

WINE & PRICE IN GERMANY : A DIFFICULT RELATIONSHIP

"A gift of the gods sold at loss" it said in *Focus* issue 51/2011. Germany drinks cheap. No other wine country in the world is drinking cheaper. No other country in the world imports as much wine as Germany (15 million hectoliters per year), it said. But, is this still the case?

Wine consumption has remained stable since 2000, ranging between 20 to 21 liters per person annually. Pricing, however, increased 22.46% in 2014, compared to 2006. Are the Germans leaving the "Geiz ist Geil" (stinginess is cool) mentality behind? Actual tendencies confirm that the average price will continue to rise. Discounters and supermarkets (approximately 75% market share) noticed this new consciousness and reacted by offering wines in higher price ranges, such as the famous Syrah from the Rhone Valley offered on the shelf: A 2012 Hermitage.

"Yogurt, dish soap, paper towels - and a bottle of Riesling" stated the March/2015 issue of the *Stern*. Consumers are getting away from buying and thinking in long-term scenarios. Instead, they are buying wine more spontaneously and thematically – as a companion for tonight's dinner. The so-called "convenience revolution" also affects wine fluctuation on the shelves. Not only food and beverages are bought in less quantity, but also wine. The consumer prefers to shop more often and select more precisely. The rising consciousness also includes Fair Trade and Bio Wines. According to *Fair Trade Germany*, 968,000 Liters were sold in 2014, a 20% increase compared to 2013.

Future trends? The wine industry will have to adapt more than ever to meet the needs of consumers who are increasingly searching for experiences instead of teachings. According to Johannes Hübinger, Chairman of the Federation of German Wineries and wine Retailers E.V., "We didn't pay enough attention on actual trends in recent years. The Americans and Australians make it better. We have to work on this."

The gift of the gods sold at loss? Dr. Gergely Szolnoki from the Geisenheim University says no; Germany is not a "cheap wine country". Every fourth German wine drinker is a multichannel consumer and they don't have a preferred shopping resource, but cover their needs at the winery, retailer, discounters, grocery store or on the Internet. According to insights from Dr Szolnoki's presentation titled *New Wine Customer Segmentation in Germany and the Results*, 40% of Germans (> 16 years) do not drink wine. A greater willingness to spend more money on wine has been seen in the German consumer for several years. Consumers have also re-discovered wine shops and were buying higher quality wines during the past years, giving back a bigger market share to wine shops.

What are the consequences of these trends? The first, more general finding is the realization that the market needs to bring two sides of consumer behavior into harmony. On one hand, the increase in convenience shopping could mean that this channel requires, in general, a smaller wine selection, but with a greater proportion of strong, eye-catching and trustworthy wine brands that lead to a spontaneous "low involvement" purchase decision. On the other hand, frequent online shopping leads to the assumption that greater ranges of information are needed in this channel - possibly less about brands and more about the origin and history.

AVERAGE RETAIL PRICE PER LITER 2006-2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Price EUR/L	2.36	2.38	2.49	2.55	2.52	2.63	2.72	2.84	2.89
% Change Over Last Year		0.85	4.62	2.41	- 1.18	4.37	3.42	4.41	1.76

Export Pricing: USD per liter
Currency Conversion Rates as of February 5, 2016

ARGENTINA

Pricing in bulk; FCA

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2015	Generic White	0.32	-	0.35	↔	2015	Generic Red	0.40	-	0.45	↔
2015	Generic White (Criolla)	0.30	-	0.32	↔	2015	Cabernet Sauvignon	0.70	-	0.80	↔
2015	Chardonnay	0.65	-	0.75	↔	2015	Malbec Entry-Level	0.80	-	0.90	↔
2015	Torrontes	0.40	-	0.50	↔	2015	Malbec Mid-Level	0.90	-	1.20	↔
2015	Sauvignon Blanc	0.55	-	0.65	↔	2015	Malbec Premium	1.20	-	+	↔
2015	Muscat	0.35	-	0.45	↔	2015	Syrah / Merlot	0.60	-	0.70	↔
2015	Bonarda	0.50	-	0.70	↔	2015	Tempranillo	0.60	-	0.70	↔

AUSTRALIA & NEW ZEALAND

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Dry White	0.35	-	0.46	↑	NV	Dry Red	0.43	-	0.53	↔
2015	Chardonnay	0.50	-	0.64	↑	2015	Cabernet Sauvignon	0.53	-	0.67	↔
2015	Sauvignon Blanc	0.60	-	0.71	↔	2015	Merlot	0.50	-	0.64	↔
2015	NZ Marlborough SB	3.44	-	3.90	↓	2015	Shiraz	0.53	-	0.67	↔
2015	Pinot Gris	0.78	-	0.92	↔	2015	Muscat	0.50	-	0.64	↔

AUD Rate: 0.708403

NZD Rate: 0.662091

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	↓
2014	Chardonnay	0.99	-	1.32	↔	2013/2014	Cabernet Sauvignon	1.45	-	2.11	↑
2014	Pinot Grigio	1.58	-	1.98	↔	2014	Merlot	1.05	-	1.58	↔
2014	Muscat	0.92	-	1.32	↓	2014	Pinot Noir	1.58	-	2.11	↑
2014	White Zinfandel	0.85	-	0.99	↔	2014	Syrah	1.18	-	1.58	↔
2014	Colombard	0.73	-	0.99	↔	2013/2014	Zinfandel	1.45	-	1.85	↔

CHILE

Pricing in bulk; FOB Chilean Port

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Generic White	0.45	-	0.55	↔	NV	Generic Red	0.38	-	0.43	↔
2015	Chardonnay	0.95	-	1.05	↔	2015	Cabernet Sauvignon (Basic)	0.47	-	0.51	↔
2015	Chardonnay (Varietal Plus)	1.15	-	1.40	↔	2015	Cabernet Sauvignon	0.55	-	0.75	↔
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	0.49	-	0.63	↔
2015	Syrah	0.48	-	0.58	↔	2015	Malbec	0.60	-	0.70	↔
2015	Carmenere	0.48	-	0.58	↔	2015	Malbec (Varietal Plus)	0.00	-	0.00	↔

FRANCE

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2015	Generic White	0.89	-	0.95	↓	2015	Generic Red	0.78	-	0.89	↓
2015	Chardonnay IGP	1.34	-	1.56	↔	2015	Cabernet Sauvignon IGP	1.06	-	1.23	↔
2015	Chardonnay VDF	1.28	-	1.34	↔	2015	Cabernet Sauvignon VDF	0.95	-	1.06	↑
2015	Sauvignon Blanc IGP	1.06	-	1.23	↑	2015	Merlot IGP	1.00	-	1.17	↓
2015	Sauvignon Blanc VDF	1.06	-	1.23	↑	2015	Merlot VDF	0.95	-	1.00	↔
2015	Generic Rosé IGP	0.84	-	0.95	↓	2015	Syrah / Grenache	1.02	-	1.11	↔
2015	Generic Rosé VDF	0.84	-	0.95	↓						
2015	Varietal Rosé IGP	0.95	-	1.00	↓						

Rate: 1.114090

GERMANY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014/2015	White Wine	0.84	-	0.95	↔	2014/2015	Red Wine	0.72	-	0.89	↔
2014/2015	Pinot Grigio	1.06	-	1.34	↔	2014/2015	Dornfelder	1.06	-	1.17	↔
2014/2015	Riesling	1.06	-	1.34	↔	2014/2015	Pinot Noir	0.95	-	1.11	↔

Rate: 1.114090

ITALY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2015	Generic White	0.36	-	0.39	↔	2015	Generic Red	0.36	-	0.39	↔
2015	Chardonnay	0.67	-	0.95	↔	2015	Cabernet Sauvignon	0.67	-	0.89	↔
2015	Pinot Grigio	1.17	-	1.28	↔	2015	Merlot	0.61	-	0.84	↔
2015	Prosecco	2.79	-	2.90	↑	2015	Chianti	1.73	-	2.01	↔

Rate: 1.114090

SOUTH AFRICA

Pricing in bulk; FOB Cape Town

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2015/2016	Generic White	0.31	-	0.33	↑	2015/2016	Generic Red	0.36	-	0.40	↔
2015/2016	Chardonnay	0.41	-	0.47	↑	2015/2016	Cabernet Sauvignon	0.44	-	0.53	↑
2015/2016	Sauvignon Blanc	0.41	-	0.53	↑	2015/2016	Ruby Cabernet	0.38	-	0.39	↔
2015/2016	Chenin Blanc	0.31	-	0.36	↑	2015/2016	Merlot	0.43	-	0.50	↔
2015/2016	Muscat	0.36	-	0.39	↔	2015/2016	Pinotage	0.40	-	0.47	↔
2015/2016	Generic Rosé	0.31	-	0.38	↔	2015/2016	Shiraz	0.43	-	0.52	↔
2015/2016	Cultivar Rosé	0.36	-	0.41	↔	2015/2016	Cinsaut	0.36	-	0.39	↔

Rate: 0.062541

SPAIN

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2015	Generic White	0.28	-	0.39	↑	2015	Generic Red	0.31	-	0.39	↑
2015	White Blends (Higher Quality)	0.45	-	0.67	↑	2015	Generic Red (Higher Quality)	0.78	-	0.89	↑
2015	Sauvignon Blanc	0.58	-	0.62	↔	2015	Cabernet Sauvignon	0.56	-	0.72	↔
2015	Chardonnay	0.67	-	0.72	↔	2015	Merlot	0.61	-	0.78	↔
2015	Generic Rosé	0.31	-	0.42	↔	2015	Tempranillo	0.45	-	0.67	↔



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