



CIATTI

GLOBAL WINE & GRAPE BROKERS

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July brings the “Dog Days of Summer” to the Northern Hemisphere. The Greeks and the Romans believed that the “Dog Days” were an evil time. Here’s how John Brady’s *Clavis Calendaria* put it: “The Sea boiled, the Wine turned sour, dogs grew mad, and all other creatures became languid; causing to man, among other diseases, burning fevers, hysterics, and phrensies.” While the wine does not appear to be turning sour, some suppliers in selected markets are moving wines at deeply discounted rates in order to make space for the coming harvest. Vintage predictions vary in the Northern Hemisphere, with the general theme being that most suppliers expect to have an average or slightly larger than average intake.

The markets of the Southern Hemisphere remain active, with many buyers finalizing contracts in South America and New Zealand. Prices in South Africa on red wines have moved, with the help of currency values, into an area that makes them very attractive to buyers in Europe and North America.

As currency fluctuation has become such a large part of the bulk wine market in recent years, all eyes are now on Greece during these Dog Days of Summer. We don’t expect to see boiling seas or souring wine, but we may see some “hysterics and phrensies” in the currency market in the coming weeks.

The bulk market is moving at a normal pace for this time of year, and pricing movement will depend on financial markets and the actual size of the coming harvest in the Northern Hemisphere. It remains a good time to be a bulk buyer, but grape producers around the world are constantly evaluating their prospects, and plantings have significantly slowed in most regions.



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ARGENTINA

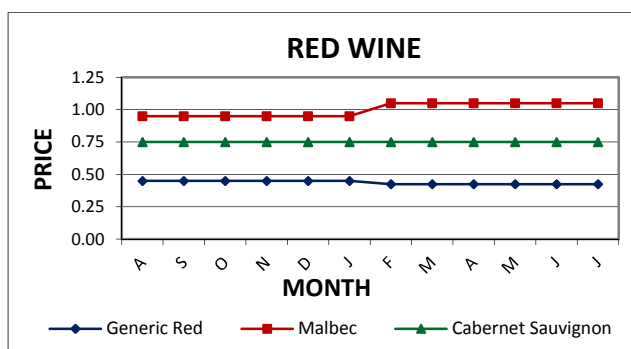
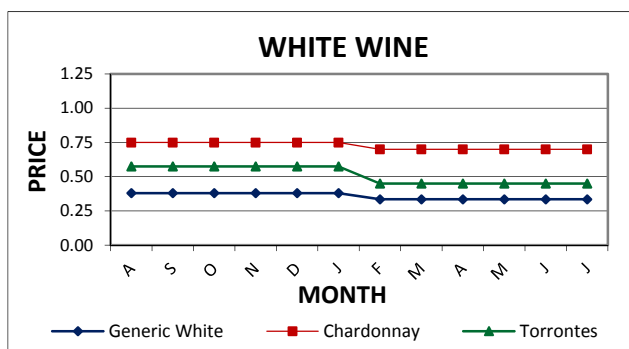
TIME ON TARGET

The domestic bulk wine market has seen good activity in the last month for varietal wines, particularly Malbec, Cabernet Sauvignon and Chardonnay. Prices are slightly higher than last year, but payment terms are also longer. Growers have suffered due to the lack of grape sales, and many have no money to work on the vineyards. Growers are waiting for wineries to sell wines produced with their grapes. Both bottled and bulk wine exports have improved, with the main destinations being the US and the UK.

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

There is a significant volume of generic white wine available. It is possible that some of this volume will be distilled, according to a government announcement.

Sulfited juice for the grape juice concentrate market has seen some recent price increases. This is due to the fact that the volume produced was smaller than expected and sales remain slow.

Bulk wine prices remain the same as last month.

AUSTRALIA

Inquiries have continued to increase now that many wineries have finished the classification and allocation of their wines. Requests for both regional and irrigated material from 2015 are strong and the demand is seen on both domestic and export fronts.

Wine Australia has released a strategic plan over the next five years, with two main priorities of increasing the demand and premium paid for Australian wine and increasing its competitiveness in the global market. Over the next five years, Wine Australia will annually invest \$35 million in research and development, building markets, disseminating knowledge, encouraging adoption and ensuring compliance, according to Brian Walsh, Wine Australia chair.

Australia has officially signed the Free Trade Agreement with China which will end excise duty on Australian wine imports to the Asian country. The agreement, signed last week, will phase out tariffs of 14-20% over the next four years as the countries look to bolster trade ties. China is Australia's third-largest export market by value behind the US and the UK and accounts for 5.4% of Australian wine exports, or 11.8% in sales terms.

The tax reform debate continues as prominent large-scale wineries step forward with their opinions, dividing the wine industry. The concerns continue that if a volumetric tax is put in place, that this will could further escalate the oversupply situation of entry level wine in Australia. There does not appear to be any resolve to this issue in the near future.

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 5.00 – 6.00	↑	2015	Shiraz	0.75 – 0.95	↔
2015	Pinot Gris	1.10 – 1.30	↔	2015	Muscat	0.70 – 0.90	↔

NEW ZEALAND

The total tonnes crushed in 2015 in New Zealand has been reported at 312,000 tonnes, down 27% from 2014. The amount of Sauvignon Blanc crushed is down by 30% from last year at 216,000 tonnes. The Marlborough region crushed 233,000 tonnes, down 29% from 2014. The Sauvignon Blanc tonnage from this region is down 30% from last harvest.

Marlborough Lines has agreed to invest \$89 million to purchase an 80% shareholding in Yealands Wine Group. Yealands Wine Group founder, Peter Yealands, welcomed the investment: "In looking for an investor we wanted someone who shared our beliefs and who would help us to continue to build the business, both in expanding our fruit supply and in developing our international marketing programme." Marlborough Lines Managing Director Ken Forrest said the purchase is a good investment for the company and will provide increased dividends to consumers. It will also provide long-term economic and social benefits to the region.

Charts of the New Zealand Dollar against all the currencies of New Zealand's main trading partners, show that the currency is in retreat. Since April 30, the currency has dropped 9.5% against the all-important US Dollar.

CALIFORNIA



TIME ON TARGET

Recent bulk sales remain steady, typical of late season/pre-harvest conditions. Everyone is needing to empty a tank and make that last sale. Regardless, too much wine remains available and in tanks; much of these offerings are getting old, tired, and out of date for the majority of buyers. This hangover of aging wine remains a big problem for the California wine industry.

Grape Outlook – The upcoming harvest should be significant, if Mother Nature continues to provide favorable weather. The month of May was a mix of unstable weather, followed by recent heat spells. There are reports of mildew in coastal vineyards, along with shatter and uneven set across many varieties and regions. This could help limit overall crop size and decisions with excess fruit and over-production in the next 60 days. Sugar and color development has begun in southern vineyards.

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	0.92 – 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	↓

BITS & PIECES

Current Moves – Constellation Brands bought the Meiomi brand for \$315 million. This continues the steady movement of wineries and vineyard properties throughout the western US. This sale, along with The Wine Group's Benziger Family Winery and Gallo's J-Winery and Vineyards among additional vineyards in Napa, show the drive to expand sales in the premium arena. Look for more activity and additional investment groups, both domestic and international, to continue to purchase available offerings.

As brokers, we have watched a shifting change in our sales over the past few years. Less wine and grapes are being purchased to supply older traditional named brands, as in the past. Today, the supply activity is for newly developed brand offerings, which were either non-existent 10 years ago or were recently purchased labels that have been revamped and marketed for growth, mainly in the premium segment. This growth into premium and ultra-premium wines is targeted by all wine marketers selling in the US market.

CHILE

Chilean wine prices seem to be attractive and demand for wine has seen an increase in the domestic market. Demand from China also continues. Europe normally shows interest at this time of year as well. Varietals like Sauvignon Blanc and Chardonnay have seen particularly high interest and some wineries are already sold out. Suppliers are confident, and the general market feeling is that prices have reached their lowest point. Tintorera wines have seen high demand and the best wines have already been allocated. Red wines like Cabernet Sauvignon and Merlot are now being allocated, as malolactic fermentation is finishing up, and quality is looking good.

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)	0.46 – 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	0.47 – 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 – May 2014			January – May 2015			Volume
	Million Liters	Million US\$ FOB	Average Price	Million Liters	Million US\$ FOB	Average Price	Variance %
Bottled	174.42	586.66	3.36	175.28	562.64	3.21	0.49
Bulk	150.40	121.99	0.81	152.12	109.14	0.72	1.15
Sparkling Wines	1.22	5.27	4.31	1.21	5.14	4.23	- 0.71
Packed Wines	9.89	20.01	2.02	10.17	17.90	1.76	2.84
Total	335.92	733.93	2.63	338.78	694.82	2.48	0.85

Exports January to May 2014 vs. 2015: Bottled wine exports showed 0% increase and volume was exactly the same as last year, with 175 million liters exported. Bulk wine exports only showed a 1% increase in volume, and the total exported volume was only 3 million liters more than the last year.

BITS & PIECES

Over the last few years, production costs have increased considerably and grape prices have not been profitable. The majority of growers are investing less or not investing at all in their vineyards. Some growers who can afford to pull their vines out, are starting to look for alternative crops to plant. New plantings are not commonly seen in Chile. The Chilean Peso continues to be weak against other major currencies, and the currency exchange is favorable for exports.

FRANCE

TIME ON TARGET

The French market remained active through the month of June for all wine categories. Loadings of both red and white varietal wines are continuing at full pace. However, the situation is much different for generic, varietal and even some AOP rosé wines. Some batches are being put back on the free market, whereas contracted lots are not loading as quickly as expected. This is likely the consequence of high pricing at the beginning of the buying campaign (slowing sales), combined with significant imports from Spain and South Africa. As a result, there are good opportunities currently in this category.

In Languedoc, there have been an increasing number of pre-harvest reservations from the bigger buyers, in an attempt to secure their needs for the coming harvest, mainly for white and red varietals. In fact, the recent heat waves could potentially threaten the recent and optimistic 2015 crop estimates, which is causing concern in the region. No pricing has officially been negotiated yet. It is most important for both bulk negociants and bottlers to ensure they will have enough wine for the next campaign at decent pricing. Both national and international buyers are strongly encouraged to begin looking at their needs for the 2015 vintage as early as possible.

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

A future giant of the wine industry emerged during last month's Vinexpo Bordeaux by the name of InVivo Wines. InVivo is the largest cooperative group in France, mainly focused on cereals, animal food and gardening shops (223 cooperatives in total). They recently took control of 78% of the Bordeaux negociant Cordier Mestrezat Grands Crus (50 million Euro turnover), bought the Languedoc bulk negociant Vignobles du Soleil International (35 million Euro turnover) and tied a strong partnership with Vinadeis, formerly known as Val d'Orbieu-UCCOAR group (268 million Euro turnover, which is 6% of the total French production). InVivo has huge ambitions for potentially more acquisitions to come. Their strategy is to build a strong international French wine brand capable of competing with New World brands and create more added value for the cooperatives that used to sell mainly in bulk.

GERMANY

TIME ON TARGET

Following a dry month of May, Germany received around 80 liters of rainfall per square meter (2 gallons per square foot) in June. Currently facing a warm summer period, temperatures have been as high as 40 C (104 F). Vineyard development is making efficient progress, and beside the usual sporadic odium infestation, everything is looking good so far. The upcoming harvest is on track to start as per an average year. This positive prediction will have some negative effects on the bulk wine market for vintage 2014 wines. Except for Dornfelder, which saw a price increase of 10 cents per liter, all other varieties are still in oversupply.

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

Beverage Consumption in Germany (liters per capita)

Beverage	2008	2009	2010	2011	2012	2013	2014
Alcoholic Beverages	141.2	139.0	137.2	136.9	137.8	137.2	136.9
Beer	111.1	109.6	107.4	109.3	107.3	106.6	106.9
Wine	20.7	20.1	20.5	20.6	20.8	21.1	20.7
Sparkling Wine	3.9	3.9	3.9	4.2	4.2	4.0	3.9
Sprits	5.5	5.4	5.4	5.5	5.5	5.5	5.4
Non-Alcoholic Beverages	292.3	290.4	290.8	300.7	302.7	303.7	299.6
Water	138.1	136.4	136.3	142.5	143.4	145.2	148.3
Refreshing Drinks	116.8	117.0	118.2	122.5	125.4	125.5	119.3
Fruit Juices	37.4	37.0	36.3	35.7	33.9	33.0	32.0
Hot Drinks	308.2	310.0	311.5	314.4	326.2	327.9	324.6
Coffee	150.5	153.3	153.3	154.6	165.4	165.0	162.0
Black Tea	24.0	24.4	25.0	25.6	26.2	26.7	26.3
Herbal and Fruit Teas	50.2	49.7	50.8	49.6	52.2	53.6	52.3
Milk	83.5	82.6	82.4	84.6	82.4	82.6	84.0
Total	741.7	739.4	739.5	754.7	766.7	678.8	761.1

ITALY

TIME ON TARGET

Both northern and southern Italy have been experiencing optimal weather conditions for grapes. The weather is expected to be nice and warm in the next couple weeks. Given there are no surprises at the end of the month and into August, a good harvest and production is expected. Stocks are very low at the moment and many of the quality wines have already been sold. There has been some recent demand for generic red and white wines. As of now, prices are stable with a slight upward trend.

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

The table below, published by Corriere Vinicolo, shows Italian sparkling, bottled and bulk wine exports from January to March 2015. The figures highlight the good performance of the sparkling wine category, which showed a 23% increase in both volume and value.

	Liters		Euro		Euro/liters	
	2015	Var %	2015	Var %	2015	Var %
Sparkling	53,739,708	23.5	189,149,507	23.3	3.52	- 0,2
Bottled	275,654,810	- 1.4	899,234,720	2.6	3.26	4.1
Bulk	130,196,951	- 10.9	92,246,191	- 12.5	0.71	- 1.8
Total	459,591,469	- 2.1	1,180,630,418	4	2.57	6.2

Recent News: A noteworthy scandal has taken place in Italy. A key producer of grape juice concentrate and negotiant of wine has been suspected of massive fraud. The Italian police, Guardia di Finanza, in cooperation with the anti-fraud inspector of the Italian ministry of agriculture (Ispettorato Repressione Frodi, or ICQRF), seized over EUR 30 million (USD 34 million) worth of ingredients found at the company's production sites. The products seized included 31 million liters of must, wine and grape juice, 90 tonnes of liquid sugar, as well as 271 tonnes of sugar and four storage tanks. At the moment, the consequences remain unknown, but could potentially affect the Italian and Spanish markets. More will be known as the case unfolds.

SOUTH AFRICA

TIME ON TARGET

The months of June and July have brought more cold and wet conditions to wine regions. Compared to the same period last year, stock levels and sales are the same as last year, with only a slight increase in stock volumes for the first six months of 2015. No significant price movement is evident. Winter school vacations in South Africa have started, coinciding with the beginning of the summer season in the Northern Hemisphere, causing a slowdown in the market.

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	6.10 – 7.25	↔	2014/2015	Merlot	6.80 – 8.00	↔
2014/2015	Muscat	5.50 – 5.80	↔	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

Overview of South African market:

- In 2013, the South African wine industry contributed 1.2% to the total of South Africa's GDP, or R36.1 billion. This figure has gone up in the last five years in spite of rising input costs, a decline in hectares planted, and no government grants.
- The wine industry employs almost 300,000 people, of which a significant portion is in South African agriculture.
- South African wine production cost has increased over the last 5 years by 52% per liter produced.
- In the same period, cost associated with bulk increased by 46% per liter. These increases are more than double the increase of selling prices per liter of wine over the same period. In some cases, selling prices have remained the same over this period, showing no increase at all.
- In 2013, over 500 million liters of wine were exported, compared to almost 431 million liters in 2014.
- Local sales of natural wine has grown over the last few years by 3-5% per year, selling approximately 360 million liters per year on this market. Per capita consumption is at 7.2 liters per person.
- The production of natural wine for 2015 is estimated at around 953 million liters, which is slightly less than 2014.

SPAIN

TIME ON TARGET

In terms of vineyard development, Castilla La Mancha is more or less two weeks early, compared to a normal year. The combination of high temperatures, shortage of rainfall (CLM still has 220,000 hectares of vines unirrigated), and recent hail storms (17,000 hectares were affected) have slightly impacted the production potential in Spain. Estimates are for a production of 20 million hectoliters, whereas last month, estimates were announcing higher figures and a bigger crop overall. The coming weeks will be important in confirming which is true, but most can agree that the upcoming vintage will be at least as big as the last vintage.

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	↔

BITS & PIECES

The market remains active for all categories, both in terms of sales and loadings. Loadings are running at full pace, due to summer programs and increased bottling needs. Market prices are increasing for generic red/rose and varietal wines due to low available inventories. Interest is mainly focused on generic white wine, where the best opportunities can be found. There have been some very attractive offers even as low as 0.20 Euros per liter.

Spanish Wine Exports:

- In the year-to-date period March 2014 to April 2015, Spanish wine exports reached a value of 2,544.6 million Euros (+1.1%) and a volume of 2,306.2 million liters. The average bulk wine export price was 1.10 Euros per liter.
- From January to April 2015, figures are more optimistic. Value increased 4.2% to 886 million Euros, while volume increased by 16.2% up to 886 million liters at an average price of 1 Euro per liter.
- In terms of wines packed with D.O. and I.G.P., value was particularly significant, +5.9% and 20.1%, respectively.
- The United States, Italy, Switzerland, Holland, China, Canada and Mexico are the top performing markets.

BUYER'S PAGE: JAPAN & CHINA

For this month's Buyer's Page, we've chosen to highlight Japan and China, as they are becoming increasingly important in today's wine industry. Japan and China are important wine-buying countries in the international marketplace, buying significant volumes of both bulk and finished wine products.

JAPAN

- Total wine consumption has increased from 234 million liters in 2007 to 354 million liters in 2013.
- Annual consumption of wine per person in Japan is 2.5 liters.
- Wine makes up 4% of the alcohol consumption behind Beer 31%, Liqueur 23%, Shochu 11% (spirit) , Happsyu 9% (low malt beer) and Sake 7%.
- A majority of bulk wine imports are from Chile and the United States, with Argentina, Spain and France making up smaller percentages.
- There are Free Trade Agreements in place with Chile (2007) and recently Australia, meaning there are no duties on bulk wine shipments, whereas many other countries pay between 24-45 Yen per liter.
- The import of bulk wine to Japan has increased in recent years from 145 million liters in 2007 to 231 million liters in 2013.
- Many bottled wines are sold in Supermarkets such as AEON or Daiei.

CHINA

- China now has the 2nd largest vineyard area in the world at 799,000 hectares, equivalent to 1.97 million acres. This figure makes up 10.6% of China's land area and is an increase of 3.9% since 2000. It is important to note that these figures include their table grape supply.
- China is the largest table grape supplier in the world consuming 7.2 million tonnes of grapes.
- China has planted 166,000 hectares alone in the past three years.
- Spain still holds the top position for largest vineyard area totaling 1.02 million hectares, followed by China (799,000 hectares) and France (792,000 hectares).
- China currently produces 11 million hectoliters of wine, a very large majority of this is consumed domestically.
- Varieties planted in China include Cabernet Sauvignon, Shiraz, Merlot and Chardonnay, with many of these crops being grown in the Ningxia, Suchuan and Hebei provinces.
- Consumption of wine is increasing in China as they becoming more educated in wine, and as the middle class grows, showing more purchasing power.
- There is a population of 1.38 billion people, consuming 1.58 million liters every year.
- Bulk wine inquiries that are still popular include:
 - Large volumes of entry-level varietal red wines, mainly Shiraz or Cabernet Sauvignon.
 - Premium reds from regional areas.
 - Smaller volumes of entry-level white varietal wines, mainly Chardonnay or Moscato.
 - The Chinese market also remains strong for those selling high-end wine packaged wine, as we see many premium options being popular for the wealthy and elite.

CHINA (continued)

- Many restrictions are still in place for wine being exported to China, including heavy metals and increasingly the minimum requirements on sugar-free dry extract.
- The countries of origin for rejected wines into China in 2014 were as follows:
 - France (38%), Spain (24%), Australia (10%), Germany (5%), Italy (5%), Ukraine (4%), Portugal (4%), Chile (2%), Taiwan (2%), South Africa (1%), Bulgaria (1%), Canada (1%), Hungary (1%), India (1%), Austria (1%), Georgia (1%), Switzerland (1%), the United States (1%), Argentina (1%).
- The table below shows the reasons why imported wines into China were rejected (2014). Note the high number of cases for low Sugar Free Dry Extract as this national standard is a minimum of 16g/L for white wines, 17g/L rose wines and 18g/L for red wines. Reported cases of Manganese were very low.

Reason	Cases	Percentage %
Failed to reach National Standards for Sugar-Free Dry Extract	38	23.03
Excessive Copper	21	12.73
Product doesn't match Certificate	18	10.91
Poor labelling	18	10.91
Poor Packaging	12	7.27
Didn't provide necessary certificates	11	6.67
Excessive Iron	10	6.06
Failed at Quality Inspection	6	3.64
Excessive Sulphur Dioxide	5	3.03
Misuse of Sodium Cyclamate	4	2.42
Excessive Benzoic Acid	3	1.82
Partial Package Damage	2	1.21
Leaking Cork	2	1.21
Failed Sensory Inspection	2	1.21
Excessive Sorbic Acid	2	1.21
Excessive Citric Acid, sodium salt & potassium salt	2	1.21
No Chinese Label	1	0.61
Mould on Carton & Bottle	1	0.61
Misuse of Sulphur Dioxide & Tartaric Acid	1	0.61
Misuse of Carmium	1	0.61
Hazy Wine with Smell	1	0.61
Excessive Sulphur Dioxide & Sorbic Acid	1	0.61
Excessive Methyl Alcohol	1	0.61
Excessive Manganese	1	0.61
Excessive Heavy Metal	1	0.61

Export Pricing: USD per liter
Currency Conversion Rates as of July 8, 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	0.45	-	0.56	↔
2015	Chardonnay	0.48	-	0.56	↔	2015	Cabernet Sauvignon	0.56	-	0.71	↔
2015	Sauvignon Blanc	0.63	-	0.74	↔	2015	Merlot	0.52	-	0.67	↔
2015	NZ Marlborough SB	3.72	-	4.46	↑	2015	Shiraz	0.56	-	0.71	↔
2015	Pinot Gris	0.82	-	0.97	↔	2015	Muscat	0.52	-	0.67	↔

AUD Rate: 0.744074

NZD Rate: 0.674171

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)	0.46	-	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	0.47	-	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	1.00	-	1.02	↓	2014	Generic Red	0.89	-	0.94	↔
2014	Chardonnay VDF	1.38	-	1.44	↔	2014	Cabernet Sauvignon VDF	0.94	-	1.00	↔
2014	Chardonnay IGP OC	1.49	-	1.55	↔	2014	Cabernet Sauvignon IGP OC	1.05	-	1.16	↑
2014	Sauvignon Blanc VDF	1.11	-	1.16	↔	2014	Merlot VDF	0.94	-	1.00	↔
2014	Sauvignon Blanc IGP OC	1.16	-	1.27	↔	2014	Merlot IGP OC	1.05	-	1.16	↑
2014	Generic Rosé VDF	0.89	-	1.00	↓	2014	Syrah IGP OC	1.05	-	1.16	↑
2014	Varietal Rosé IGP OC	1.00	-	1.02	↓	2014	Dry Muscat IGP OC	1.05	-	1.11	↔

Rate: 1.107120

GERMANY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2013/2014	White Wine	0.94	-	1.05	↔	2013/2014	Red Wine	0.72	-	0.89	↔
2013/2014	Pinot Grigio	1.05	-	1.22	↔	2013/2014	Dornfelder	1.11			↔
2013/2014	Riesling	1.05	-	1.33	↔	2013/2014	Pinot Noir	1.05			↔

Rate: 1.107120

ITALY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.44	-	0.50	↔	2014	Generic Red	0.50	-	0.55	↔
2014	Chardonnay	0.83	-	0.94	↔	2014	Cabernet Sauvignon	0.66	-	0.77	↔
2014	Pinot Grigio	1.16	-	1.27	↔	2014	Merlot	0.66	-	0.77	↔

Rate: 1.107120

SOUTH AFRICA

Pricing in bulk; FOB Cape Town

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014/2015	Generic White	0.38	-	0.40	↔	2014/2015	Generic Red	0.46	-	0.50	↔
2014/2015	Chardonnay	0.49	-	0.58	↔	2014/2015	Cabernet Sauvignon	0.54	-	0.66	↔
2014/2015	Sauvignon Blanc	0.50	-	0.62	↔	2014/2015	Ruby Cabernet	0.48	-	0.50	↔
2014/2015	Generic Rosé	0.39	-	0.48	↔	2014/2015	Merlot	0.54	-	0.64	↔
2014/2015	Cultivar Rosé	0.46	-	0.53	↔	2014/2015	Pinotage	0.51	-	0.60	↔
2014/2015	Chenin Blanc	0.38	-	0.42	↔	2014/2015	Shiraz	0.54	-	0.66	↔
2014/2015	Muscat	0.44	-	0.46	↔	2014/2015	Cinsaut	0.46	-	0.50	↔

Rate: 0.079979

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	-	0.39	↑	2014	Cabernet Sauvignon	0.50	-	0.55	↔
2014	Moscatel	0.66	-	0.72	↔	2014	Merlot	0.50	-	0.55	↔
2014	Syrah	0.46	-	0.55	↔	2014	Tempranillo	0.39	-	0.44	↔



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