



GLOBAL MARKET UPDATE – SEPTEMBER 2015

VOLUME 6 ISSUE NO. 9

“Like sands through the hourglass, so are the days of our lives” was a quote television catchphrase from a long-running soap opera, which is appropriate for this global market update.

With harvest in full swing in the Northern Hemisphere, buyers are truing up inventories and ensuring all programs will have good quality supply. The question at hand is: what varieties will be short, what varieties will be long, and from where?

Meanwhile, all is now known about the 2015 Southern Hemisphere harvest, and suppliers are readying their wines for wine contract shipments and for the sampling of wines not yet sold. Overall, due to both supply and economic factors, we see a break in the logjam of over-supply, with buyers looking ahead to 2016 purchases.

For avid readers of this global report, please pay special attention to the South Africa page, where there is another African country profiled, and to the Buyer’s Page on Alcohol products from our contributing partner, Andy Bivona.

Another busy trade show season starts with the Bulk Wine Exhibition in Amsterdam November 24th and 25th. See you there!



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ARGENTINA

TIME ON TARGET

The influence of El Niño is still causing significant snow storms, which are causing loading delays. Many trucks are stocked at the border, waiting to pass over the Andes. Nevertheless, Argentinean bulk sales have stabilized and recovered some good activity, after a slow start at the beginning of the year.

Exports increased from January to July 2015, totaling 48 million liters, which is 24% higher than the same period last year. Case good wine exports also showed growth (+4%) compared to last year, reaching 106 million liters. White Grape Juice Concentrate sales have improved, with a total sales of 52,000 metric tons. The price, however, has dropped (-30%) compared to last year. The domestic bulk market has experienced increasing demand for Cabernet Sauvignon and high-end Malbec. Pricing remains stable.

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	↔

AUSTRALIA

Many wineries are in the process of finalizing their red wines and having them ready for bottling or bulk dispatch in September. There are signs of the weather starting to warm up but many would like to see further rainfall before spring sets in. Requests for Barossa and McLaren Vale reds continue to remain strong whilst irrigated 2015 enquiries for red wines are now increasing in demand. Most wineries have pruned their vineyards and are now looking at bottling or packing down wines that have finished malolactic fermentation.

The Australian dollar continues to drop as we currently see slide to 0.71 US cents and 0.46 British Pence. The recent drop has mainly been attributed to the Asian share price falling this week. Many exporters are hopeful the lower dollar will result in increased sales.

Alcohol consumption in Australia continues on a downward trend as the latest research shows a drop in 5%. In 2007, 50% of the population drank wine every month; today that figure is down to 45% or 8.1 million people. Of these consumers, 1.3 million are consuming cask wine with the majority coming from South Australia (18%.) The average age for cask drinkers are at either end of the spectrum with 18-24 years old and over 65 year olds being the most likely to consume cask wine, with affordability being the main reason for the purchasing decisions.

Treasury Wine Estates has posted an AUD \$77.6 million profit for the financial year ending June 2015, a dramatic increase on the \$110.9 million dollar loss from the year prior. This time last year, Treasury suppressed a takeover bid by Kohlberg Kravis Roberts at AUD \$5.20 per share. This year the company has revealed a \$225 million earnings before profit with sales of premium wines into China looking positive.

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

The USA is now the most valuable wine export market for New Zealand, pushing Australia out of the top position. The value of wine to the US stands at 26% of total value at NZ \$372 million, up 13% from last year. The UK is increasing in their demand for NZ wine up 11% to \$354 million, Canada up 20% to \$95 million and the Netherlands also up 24% at \$41 million. Australia represents \$362 million worth of value falling by 5% along with Germany also decreasing by 31% to \$10 million. Total export value reflects NZ \$1.42 billion, an increase of 7%. Sauvignon Blanc represents 86% of total wine exported with Pinot Noir at 6%, Pinot Gris at 2.5% and Chardonnay at 2%.

CALIFORNIA

TIME ON TARGET

All wineries around the state are in full force. The 2015 harvest will be remembered as one of the earliest and fastest on record. Unfortunately, or fortunately, this harvest will not be as bountiful as the previous three vintages. This will help to balance some varieties that have been in long supply. On the other side, the shortness of 2015 will exacerbate supply issues on specified appellation wine varieties that may already be in tight supply, especially Cabernet Sauvignon from Napa and Sonoma.

Overall, Coastal regions have been coming in lightest, with reports of 20-30% less tonnage versus last year. Reports from the Central Valley have been better, trending average to slightly below average overall. Sauvignon Blanc, Pinot Grigio, Zinfandel, Cabernet Sauvignon and Petit Sirah seem to be varieties that are under the most pressure this season. Again, these varieties, with the exception of Zinfandel, are the varieties that have grown in demand.

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

With six-month figures just released from Gomberg-Fredrikson, United States wine sales grew at a modest rate of 1%. We continue to see major decreases of value wines, offset by solid increases of premium priced wine. This sales trend continues with select small and medium brands growing nicely. Larger wineries are continuing to offer both newly-created brands to the market, along with the purchasing of high-end wine properties to add to their portfolios.

Imported wine shows a similar picture. Bottled imported case goods, many which hit a premium price-point, have continued to grow (+5%). These sales figures reflect the effects of the strong US Dollar, particularly against the Euro. Bulk import volumes have continued to decline, off-setting the overall import growth. California exports of both case goods and bulk wine continue to decline at -3% and -8%, respectively. On the bright side, sparkling wine continues to grow for imports (+23%) led by Italy (+35%) and France (+9%). Domestic sparkling wine is also trending positively, growing (+7%) year-to-date.

CHILE

TIME ON TARGET

It has been a month since the crop report was released and it seems that there is not a surplus of wine, as was expected when the report was released. Both domestic and Chinese buyers remain very active and market pricing has slowly started to increase. Cabernet Sauvignon and Merlot have been the most requested varieties.

After some recent rainfall, the drought is no longer a concern. In general, rainfall in Chile is behind compared to a normal year, but the snowfall has allowed several reservoirs to recover and water is guaranteed for 2016. The month of August finished with very high temperatures, with several days above 26 degrees Celsius - quite high for a winter month! Late rainfall is still predicted, and depending on how late the rain comes, it may or may not affect several crops. Fruit growers are especially concerned.

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	0.36 – 0.45	↑
2015	Chardonnay (Basic)	0.95 – 1.05	↔	2015	Cabernet Sauvignon (Basic)	0.47 – 0.52	↑
2015	Chardonnay (Varietal Plus)	1.15 – 1.40	↔	2015	Cabernet Sauvignon (Varietal Plus)	0.55 – 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	0.49 – 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 – July 2014			January – July 2015			Volume
	Million Liters	Million US\$ FOB	Average Price	Million Liters	Million US\$ FOB	Average Price	Variance %
Bottled	254.15	855.14	3.36	265.65	848.41	3.19	4.52
Bulk	194.59	159.51	0.82	208.53	150.98	0.72	7.16
Sparkling Wines	1.65	7.05	4.28	2.00	8.25	4.13	21.44
Packed Wines	14.50	28.93	2.00	16.00	27.65	1.73	10.36
Total	464.89	1,050.62	2.62	492.18	1,035.29	2.44	5.87

Chilean wine exports have been very positive, with bottled wine volumes up 4.52%, bulk wine volumes up 7.16% and total wine exports up 5.86%, compared to the same period last year (January to June).

FRANCE



TIME ON TARGET

Harvest is in full swing in Southern France and has just started in all other French regions. This comes as a consequence of the summer heat wave, which moved the harvest forward about 1.5 to 2 weeks. Overall, the 2015 crop should be slightly lower than 2014, estimated to be about 46.5 million hectoliters. This is due to a smaller crop in Champagne, Alsace and Burgundy, but balanced with a 10% increase in Languedoc (13.5 million hectoliters estimated for 2015, compared to 12.6 million hectoliters in 2014).

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

Vintage	Variety	Price	Vintage	Variety	Price
2015 *	Generic White	0.80 – 0.85	2015 *	Generic Red	0.75 – 0.80
2015 *	Chardonnay	1.15 – 1.20	2015 *	Cabernet Sauvignon	0.95 – 0.97
2015 *	Sauvignon Blanc	0.95 – 1.00	2015 *	Merlot	0.93 – 0.95
2015 *	Generic Rosé	0.80 – 0.85	2015 *	Syrah	0.93 – 0.95
2015 *	Varietal Rosé	0.85 – 0.90			

** Please note that these prices are estimates for the 2015 harvest*

HARVEST UPDATE

Burgundy has already started harvest, which is a bit unusual. Chablis has been damaged by a violent hail storm, affecting mainly Grand Cru and Premier Cru. An estimated 150 of 2,000 hectares have been damaged, forcing growers to harvest early to avoid rot. Beaujolais is seeing an unusual crop as well. The average alcohol content is above 14% with high color, which hasn't been seen in recent years.

In Southern France, almost all white varieties have been harvested, showing good results for Chardonnay, but disappointing figures for Sauvignon Blanc, down 20% compared to an average year. First analysis shows a lower than average total acidity and high pH, due to summer drought and warm nights. On the other hand, this should benefit red varieties, with a better balance of acidity and alcohol. Merlot and Pinot Noir are showing the best results. Shiraz, Cabernet Sauvignon and Grenache, however, are showing less desirable results, as the second part of the harvest season was regularly interrupted by weekly rainfall, increasing fungus pressure. Alicante wines will be slightly less colorful, due to higher yields.

In terms of pricing, the buying campaign should start at the same price level as last year, except the rosé wine category should see price softening, due to the large inventory of old vintage wines. Cabernet Sauvignon should see a higher price than Merlot, due to vineyard surface decreases year after year. The popularity of this Cabernet Sauvignon variety is suffering from higher mortality and late ripening, compared to Merlot. Consequently, growers are replacing Cabernet Sauvignon with earlier ripening varieties, even though Cooperatives are encouraging winegrowers to re-plant regularly. Even though the 2015 crop will be bigger than that of 2014, most big players in the French market have already made reservations with the Cooperatives and partner growers in order to secure their mid to long-term needs.

GERMANY

TIME ON TARGET

Germany experienced some significant rainfall during the month of August, which helped to improve the hydrological balance. Growers, however, are not expecting a large crop due to the drought throughout the summer months. In some regions, the harvest of early white grapes has started for “Federweisser” (a cloudy grape juice in the process of fermenting), a beverage which remains popular in Germany. The peak harvest season will start in the next couple weeks. The bulk market for 2014 vintage wines has slowed, as both growers and buyers are getting ready for the 2015 vintage.

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

Germany is mainly recognized as a white wine producing country. Nevertheless, in the last 20 years, the vineyard area under red grapes grew from 20,000 to 36,000 hectares, which is 35% of the total vineyard area. The major red variety was, and remains, Pinot Noir.

Red Wine Vineyard Area Growth 2014

Region	Hectares	% Share	Variety	Hectares	% Share	Development Since 1995
Pfalz	8.748	37.1	Pinot Noir	11.783	11.5	4.176
Rheinhessen	8.169	30.8	Dornfelder	8.015	7.8	6.192
Württemberg	7.934	69.6	Portugieser	3.469	3.4	-971
Baden	6.616	41.8	Trollinger	2.287	2.2	-239
Franken	1.156	18.9	Schwarzriesling	2.084	2.0	-32
Nahe	1.051	25.0	Regent	1.990	1.9	1.983
Mosel	840	9.6	Lemberger	1.820	1.8	901
Ahr	475	84.2	St.Laurent	653	0.6	585
Rheingau	471	14.9	Merlot	599	0.6	599
Saale-Unstrut	194	25.3	Acolon	479	0.5	479
Hessische Bergstrasse	94	20.8	Domina	384	0.4	275
Sachsen	95	18.9	Cabernet Sauvignon	359	0.4	359
Mittelrhein	68	14.5	Others	2.019	2.0	547
Germany Total	35.941	35.1	-	35.941	-	20.162

ITALY



TIME ON TARGET

The 2015 harvest is expected to be of good quality and size. The Italian oenologist association forecasted the crop to be about 46 million hectoliters. This should allow Italy to be competitive in the market, gaining interest from European buyers that have purchased wine from Spain for their generic and varietal programs.

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

Red wines should be of good quality, as the main growing regions from the South, such as Puglia and Abruzzo, haven't experienced issues with quality like last year. The color should also be good, with higher alcohol content. Entry-level generic reds should start around 35 Euros per hectoliter for quick loading. Vintage 2015 Merlot and Cabernet Sauvignon will start around 60 to 70 Euros per hectoliter from Sicily and 45 to 60 Euros per hectoliter for other southern regions.

The hot summer weather has been good for the reds, but not so much so for the whites. The white wines are currently showing lower acidity than last year, but this will be confirmed as harvest progresses. Entry-level white wines should start around 35 Euros per hectoliter for quick loading. Chardonnay should start around 50 Euros per hectoliter, depending on the alcohol content and loading terms. Good volumes of Chardonnay are expected.

At this point, white sparkling base wines are not yet fixed, as the main buyers of this category have not yet committed to volumes. Pinot Grigio pricing should be around 1.10 and 1.20 Euros per liter. The Prosecco market remains tight, even after the new law has allowed the total 2015 crop to reach 3 million hectoliters. Currently, the minimum price for a Spumante Prosecco is around 2.40 Euros per bottle. There is no longer any 2014 Prosecco available on the market and most buyers are impatient to receive their first deliveries of the 2015 crop by mid-October.

SOUTH AFRICA

TIME ON TARGET

There have been almost no evident changes in pricing and stock levels in South Africa for the month of August. Stock levels are high compared to last year, especially for red varietals and dry red wine. Chardonnay and Sauvignon Blanc stock levels are more in line with an average year. There have been major recent changes for the South African Rand, as it weakened to ZAR 15.45 against the Euro and ZAR 13.60 against the US Dollar at one point. Predictions vary, but it now seems to be

around ZAR 15.00 vs. EUR and ZAR 13.00 vs. USD. The domestic and international markets have seen no major changes compared to previous months. South Africa had a very dry winter and hopes are for rain during the months of September to November. At this stage, it is very dry for this time of year.

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	4.70 – 5.00	↔	2014/2015	Generic Red	5.50 – 6.30	↔
2014/2015	Chenin Blanc	4.80 – 5.20	↔	2014/2015	Cabernet Sauvignon	6.50 – 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	6.50 – 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	6.50 – 8.25	↔
2014/2015	Cultivar Rosé	5.70 – 6.60	↔	2014/2015	Cinsaut	5.80 – 6.30	↔

AFRICA SPOTLIGHT : KENYA

For the next few months, we will highlight a different African country each month. This month, the spotlight will be on Kenya. Kenya is a founding member of the East African Community (EAC). Its capital and largest city is Nairobi. Kenya covers 581,309 square kilometers and has a population of approximately 45 million people (as of July 2014).

Bulk Wine Logistics:

- Duty: 25% of Cost, Insurance and Freight (CIF)
- Excise Duty: 80 Kenyan Shillings (KSHS) per liter for bulk wine.
- VAT: 15%
- Import Declaration Fees (IDF): 2.25% of CIF
- Railway Fees (RDL): 1.5% of CIF

This makes Kenya one of the most expensive importing countries of wine in Africa. The rule of thumb is to take any branded retail price from South Africa or Europe and multiply by 2.5 to estimate the retail price of wine in Kenya. Kenya is not even ranked under the top 17 African countries for liquor consumption (spirits, beer, wine, others), but it is one of the top ranking countries with regards to restaurants and tourism, with low corruption. After South Africa, Kenya has one of the best diversified retail portfolios of wines, from all major countries of origin, with Spain, South Africa, France, Italy and Chile being the most well-known.

Current News: Most distillers (brewers) have suffered a loss of business and destruction to property worth billions of Shillings in an ongoing crackdown on illicit liquor and bulk batches that began almost two months ago by Kenya Bureau of Standards (KBS) and Kenya Revenue Authority (KRA). This has put a slow-down on all imports of wine and spirits into the country in bulk, as well as a negative effect on branded imports.

SPAIN

TIME ON TARGET

The harvest season has just begun in Spain, with international varieties being harvested first, including Chardonnay and Sauvignon Blanc. Most of the Airen and Tempranillo grapes should be picked in the coming weeks.

Weather conditions are back to normal with average temperatures, following the heat wave throughout the summer months. There were a few recent rainfalls in La Mancha, which also helped to maintain good vineyard development. As a consequence of the heat wave, non-irrigated vineyards should experience about a 20% loss in volume compared to an average year, whereas irrigated vineyards should see average yields. However, new plantings in the first year of production (around 10,000 hectares in La Mancha) should create a balance and potentially reduce the loss by 10% compared to last year.

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	↔

Pricing per degree of alcohol per hectoliter:

Varietal Wines: Due to huge national and European demand, pricing is up and should reach the following pricing: Chardonnay EUR 5.50-6.0, Merlot EUR 4.00, Cabernet Sauvignon EUR 3.50 and Syrah EUR 3.30.

Generic Wines: White wines traditionally fermented will be around EUR 2.30, while control fermented white wines will be EUR 2.50-2.70.

Sparkling Base White Wines (10.5% alcohol): Pricing will be around EUR 26-28 per hectoliter.

Red Wines: Pricing will be around EUR 2.80-3.00.

Rosé Wines: Pricing for rosé made of red varietal juices will be around EUR 2.80-3.00, while rosé made of tainted white varieties (controlled fermentation) will be EUR 2.50-2.70.

BITS & PIECES

Red wine producing areas such as Manchuela, Murcia and Aragon should register an increase in production of 20% to 40% compared to last year's very small crop. This year, figures will be more on average, but with more availability of high proof reds compared to last year. The rest of the La Mancha region should see a 10% drop in red wine production, due to small berries and lower juice yields than average.

On a global trend, due to the summer heat wave, wines will have a lower than average degree of alcohol, lower acidity and high pH. These last two parameters should cause issues regarding technical specifications for sparkling base wines and concerns amongst buyers, some of who are looking at alternative sources of supply in Italy.

BUYER'S PAGE: ALCOHOL

GRAPE SPIRITS

United States

The major use of California usages for Grape distilled product (Neutral Spirits Fruit Grape) at 190 proof is for adjustments in still wine and fortified wines. These typically need to be California appellation designation. The other use is in the production of Grape Brandy Designate (GBD), which is then aged in barrels until mature. The domestic market is balanced today, with product available but not over supplied. Many of the wine and table grape vineyards that have traditionally supplied stock, are continuing to be up-rooted. This has recently been offset by excess wine from previous large harvests. Demand seems stable.

Global

Big crops in Spain have provided ample supply stocks to distill and are slowly being absorbed into mainly European markets. Argentina is in a similar supply-heavy market, along with having a difficult business climate with which to transact, coupled with local economic and currency negatives. Australia, South Africa and Brazil are also suppliers and users of many spirit types.

Grain Neutral Spirits (GNS)

In the US, the majority of spirit alcohol is produced from and related to the supply of corn. Today corn pricing is relatively stable. The market is balanced, but supply is readily available. A recent trend of purchasing on formula-based contracts has created more stability. European spirit alcohol is mainly supplied with sugar beet or wheat as the base feed stock. Currently, pricing is stable, with relatively available product.

TRENDS

Craft Spirits

Reports of hundreds of new craft distillers, either newly producing or permit in process, are springing up in every state in America. Small in size, these stills are producing products destined for the ultra premium sector. Led by the "Brown Spirit Revolution" in the US and Canada, Bourbon and Whiskey are in short supply. Aged product is nearly impossible to find. Increases in production have started, but still years away from maturity. Large producers are benefitting from this recent trend. They continue to sort existing inventories, reposition and up-blend existing brands, along with creating new high-end premium packages, all to access and dominate the craft experience.

Mixology

Cocktails are mainstream again and finding many new consumers. On-sale, restaurants, bars and nightclubs, along with off-sale home consumption of all spirits, are expanding segments. Cocktails with old names are being upgraded and reintroduced, along with new fancy concoctions that twist the imagination. Consumers are willing to spend for a premium image. Flavored spirits have filled another niche for both blending and consumption as a stand-alone. Growth in volume and of new entries has been explosive.

Competition between Distilled spirits, Craft Brews and Premium wines are at a all time high as producers compete for the share of pallet of these mainly younger and affluent consumers. Variety of choice, the experimentation of products is the calling card of these buyers.

For additional information on the Global Spirits market, please call our California office (415) 264-0762 or contact our spirits specialist, Andy Bivona (860) 604-9401

UP NEXT MONTH: CRAFT BEER...MORE LIKE WINE THAN YOU THINK!

Export Pricing: USD per liter
Currency Conversion Rates as of September 10, 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	0.32	-	0.46	↔	NV	Dry Red	0.42	-	0.53	↔
2015	Chardonnay	0.46	-	0.53	↔	2015	Cabernet Sauvignon	0.53	-	0.67	↔
2015	Sauvignon Blanc	0.60	-	0.71	↔	2015	Merlot	0.50	-	0.64	↔
2015	NZ Marlborough SB	3.71	-	4.25	↑	2015	Shiraz	0.53	-	0.67	↔
2015	Pinot Gris	0.78	-	0.92	↔	2015	Muscat	0.50	-	0.64	↔

AUD Rate: 0.707614

NZD Rate: 0.631264

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	0.45	-	0.55	↔	NV	Generic Red	0.36	-	0.45	↑
2015	Chardonnay	0.95	-	1.05	↔	2015	Cabernet Sauvignon (Basic)	0.47	-	0.52	↑
2015	Chardonnay (Varietal Plus)	1.15	-	1.40	↔	2015	Cabernet Sauvignon	0.55	-	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	0.49	-	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			Vintage	Variety	Price		
2015	Generic White	0.90	-	0.96	2015	Generic Red	0.85	-	0.90
2015	Chardonnay	1.30	-	1.36	2015	Cabernet Sauvignon VDF	1.07	-	1.10
2015	Sauvignon Blanc VDF	1.07	-	1.13	2015	Cabernet Sauvignon	1.07	-	1.10
2015	Generic Rosé VDF	0.90	-	0.96	2015	Syrah IGP OC	1.05	-	1.07
2015	Varietal Rosé IGP OC	0.96	-	1.02					

* Please note that these prices are estimates for the 2015 harvest

Rate: 1.129310

GERMANY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	White Wine	0.96	-	1.07	↔	2014	Red Wine	0.73	-	0.90	↔
2014	Pinot Grigio	1.07	-	1.24	↔	2014	Dornfelder	1.13			↔
2014	Riesling	1.07	-	1.36	↔	2014	Pinot Noir	1.07			↔

Rate: 1.129310

ITALY

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.45	-	0.51	↔	2014	Generic Red	0.51	-	0.56	↔
2014	Chardonnay	0.85	-	0.96	↔	2014	Cabernet Sauvignon	0.68	-	0.79	↔
2014	Pinot Grigio	1.19	-	1.30	↔	2014	Merlot	0.68	-	0.79	↔

Rate: 1.129310

SOUTH AFRICA

Pricing in bulk; FOB Cape Town

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014/2015	Generic White	0.34	-	0.37	↔	2014/2015	Generic Red	0.40	-	0.46	↔
2014/2015	Chardonnay	0.45	-	0.53	↔	2014/2015	Cabernet Sauvignon	0.48	-	0.61	↔
2014/2015	Sauvignon Blanc	0.46	-	0.57	↔	2014/2015	Ruby Cabernet	0.44	-	0.46	↔
2014/2015	Generic Rosé	0.36	-	0.44	↔	2014/2015	Merlot	0.48	-	0.59	↔
2014/2015	Cultivar Rosé	0.42	-	0.48	↔	2014/2015	Pinotage	0.47	-	0.55	↔
2014/2015	Chenin Blanc	0.35	-	0.38	↔	2014/2015	Shiraz	0.50	-	0.61	↔
2014/2015	Muscat	0.41	-	0.44	↔	2014/2015	Cinsaut	0.43	-	0.46	↔

Rate: 0.073338

SPAIN

Pricing in bulk; Ex-Winery

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2014	Generic White	0.23	-	0.34	↓	2014	Generic Red	0.40	-	0.47	↑
2014	Generic Rosé	0.36	-	0.40	↑	2014	Cabernet Sauvignon	0.51	-	0.56	↔
2014	Moscatel	0.68	-	0.73	↔	2014	Merlot	0.51	-	0.56	↔
2014	Syrah	0.47	-	0.56	↔	2014	Tempranillo	0.40	-	0.45	↔



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