

## Diversity is the future

The data for the Liv-ex indices confirmed our expectation last week; while perhaps not as significant as in the previous month, there were solid increases registered across the board [Fig 1]. Nonetheless, the value of trade actioned by Liv-ex increased 9.2% on the previous month and they report total exposure as being close to £40 million on the exchange today, certainly encouraging signs. Indeed, the Liv-ex 1000 (their broadest index) stands at an all-time high, having risen for 10 consecutive months [Fig 2 and Fig 3].

What the Liv-ex 1000 demonstrates is that the comparatively new found diversity of the fine wine market is a key strength. For many years client portfolios were heavily skewed towards Bordeaux. Since the Bordeaux market correction that occurred between June/July 2011 and July 2014, we have seen other regions and styles gain prominence in the market. Last month's strongest performer was the Rest of the World Index closely followed by the Champagne 50, which also re-gained direction.

What does this all mean? It highlights that there is a broader focus across the market than was evident, say, five years ago. The habitual purchasing that dominated the UK Bordeaux *en primeur* scene has fallen away and now clients and merchants pick and choose their offerings from more diverse origins. It is worth considering that Bordeaux *en primeur* used to account for a sizeable value of trade for most leading UK wine merchants. In a recent Decanter interview, one major UK merchant commented on dwindling *en primeur* sales, citing sales of £60 million in 2009, £32 million in 2010 and on or around £6 million in 2015. This market does not look like it is coming back and therefore previously *en primeur* heavy merchants have had to re-balance their businesses and become more creative. Many clients who lost faith in buying key Bordeaux wines *en primeur* year in and year out — only to see value correct and fall when stocks became physical — have overhauled their buying approach. There is, at its most dramatic, some behind the scenes turbulence taking place or at the very least, some gradual repositioning. Client interests and requirements are clearly in the data; you can see them the Liv-ex indices. Diversity is the future and that can only be healthy for the market.

[Fig 1] Liv-ex Indices Monthly Close

Index 30/09/2016 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	321.17	1.19%	21.25%
Liv-ex Fine Wine 100	281.23	1.59%	18.03%
Liv-ex Bordeaux 500	280.29	1.28%	17.69%
Liv-ex Fine Wine 1000	285.30	1.31%	16.34%
Liv-ex Fine Wine Investables	309.13	1.55%	18.88%

[Fig 2 and Fig 3] Liv-ex 1000—post-referendum surge

Index 30/09/2016 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 1000	285.30	1.31%	16.34%
Liv-ex Bordeaux 500	280.29	1.28%	17.69%
Bordeaux Legends 50	336.82	0.53%	20.13%
Burgundy 150	345.03	1.36%	17.01%
Champagne 50	302.52	2.97%	12.02%
Rhone 100	169.03	1.18%	8.88%
Italy 100	235.18	1.52%	9.61%
Rest of the World 50	244.19	3.10%	9.85%

