

## Crystal Ball Gazing?

January is now well underway... what do we expect of the fine wine market in 2018? Last year's annual survey of the trade [Fig 1], conducted by Liv-ex in January, suggested that the market would increase by 7.8% as measured by the Liv-ex 100 Index. In reality, it came in at 5.7%, making for an increase of 32.6% across two years. There are plenty of variables that are set to influence 2018, but perhaps the picture is not quite so easy to read. Three factors to consider, below. All in all, there is an interesting year in prospect.

### Wine Journalism

With Neal Martin's departure from Robert Parker's *The Wine Advocate* to Antonio Galloni's ever-improving *Vinous*, it remains to be seen if *The Wine Advocate* is able to maintain its relevance and influence in the market. It should be noted that Rhône reviewer, Jeb Dunnuck, had left *The Wine Advocate* before Martin to set up his own review site. Early signs suggest that *Vinous* is in a very strong position and that followers may switch allegiance from Parker's legacy, recognising more value in the individual critic than the entity.

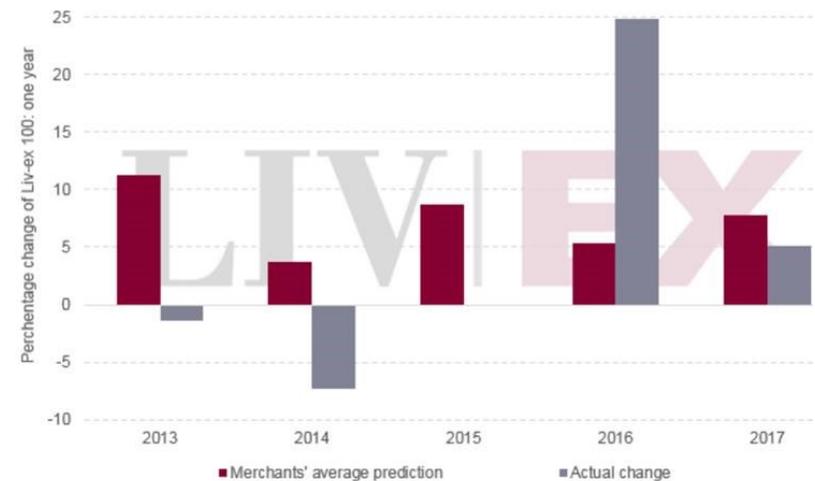
### Broadening of the Market

We have commented on the broadening of the market for some time; since the Bordeaux market correction that ran from 2011 to 2014, Bordeaux has not maintained such a grip on the fine wine market [Fig 2]. Even with a slight rally last year, its percentage of trade has fallen to what Liv-ex has termed 'the new normal' of 70%. Much to the disappointment of numerous négociants, the market is fixated on no more than 20 wines; those at the top of the hierarchy (the first growths and leaders from the right bank) as well as a handful of others (such as Châteaux Haut-Bailly, Figeac and Canon) where quality has marched forward. A key beneficiary has been Italy, where interest in both the wines of Piemonte and Tuscany has risen considerably. Burgundy's share of trade on the Exchange has also climbed to 12.5% from 7.7% the year before. Atlas' own data suggests that Burgundy enjoyed an even stronger showing in 2017, accounting for a far greater percentage of trade than in previous years. Additionally, Napa Valley has seen renewed interest, with percentages of trade increasing from a modest base. Given the prospect of a tricky 2017 Bordeaux *en primeur* campaign coupled with this tighter focus, how might the numbers look come the end of the year? The market is certainly broadening and there seems little likelihood of abating. Whether Bordeaux will reassert itself remains to be seen in a volume sense.

### Currency Volatility

With the impending Brexit negotiations, we have the prospect of fluctuating exchange rates to contend with. On one hand, this will no doubt interrupt the pattern of trade for UK merchants/ brokers sourcing from Europe and direct from suppliers. On the other hand, as was the case in the immediate aftermath of the Brexit referendum, weak Sterling can lead to greater trade for stocks already stored in the UK. The UK is, after all, one of the major fine wine hubs in the world with vast reserves of fine wines held in professional storage.

[Fig 1] Liv-ex 100 changes: merchants' predictions vs reality



[Fig 2] Year that was 2017—Regional market Share

