

## A Changing Market

The Liv-ex 50 reported another strong week now standing at 327.68 ahead of the September monthly close [Fig 1]. Clearly the weaker Sterling is continuing to exert an influence and Bordeaux seems to be a major beneficiary.

Indeed, there seems to be a lot of good news surrounding Bordeaux currently with early indications suggesting a positive 2016 harvest is underway in terms of both quality and quantity. Even with a potentially interesting vintage lining up to be offered in the Spring, it is unlikely that the *en primeur* system will be wholeheartedly embraced. As the 2015 vintage illustrated, the market has changed. Leading Châteaux have little need of the financial lift of an *en primeur* campaign, preferring instead to hold back volumes of stock to be drip-fed onto the market at a higher, more profitable, price at a later stage. In this way, they are able to control price more effectively.

As we look forward, the key question surrounds engagement. Bordeaux is coming back in terms of trading volumes and profile—about that there is little doubt—but without labouring the point, it is unlikely to dominate the market as it has done in the past. While the wines may be finding favour in different markets, how many people are consuming classed Growth Bordeaux regularly? Given the plethora of fine wine available to the modern day consumer and the value to be found in other diverse regions, has Bordeaux settled in a category whereby it is viewed almost exclusively as a store of value rather than a wine that is actually drunk? There is a view that younger consumers do not have the same association with Bordeaux as the previous generation, as they have grown up in an era when wine styles from across the globe are easily accessible. Perhaps the Bordelais should consider this going forward, as escalating prices undoubtedly lead more mature markets to seek out value further afield. Engaging with consumers at all levels surely helps the longevity and health of any ladder brand; the regional bodies for Bordeaux have a marketing challenge ahead.

[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] Liv-ex 50— Year to Date

