

A Tale of Two Vintages?

The Liv-ex Fine Wine 50 finished the week on 340.20 so no real change there. Indeed, it feels like a slow run-up to the next *en primeur* campaign, with UK merchants lining up their visits to Bordeaux for early April. Discussion has, in fact, turned to two Bordeaux vintages, namely 2014 and 2016.

Despite the routine nature of the wine buying calendar, sales of *en primeur* are anything other than routine nowadays. The habitual buying, which previously underpinned the sales campaign for many traditional wine merchants, has been on the fade for several years. This is partly due to the plethora of exciting wines from around the globe that are receiving greater attention and partly due to escalating release prices.

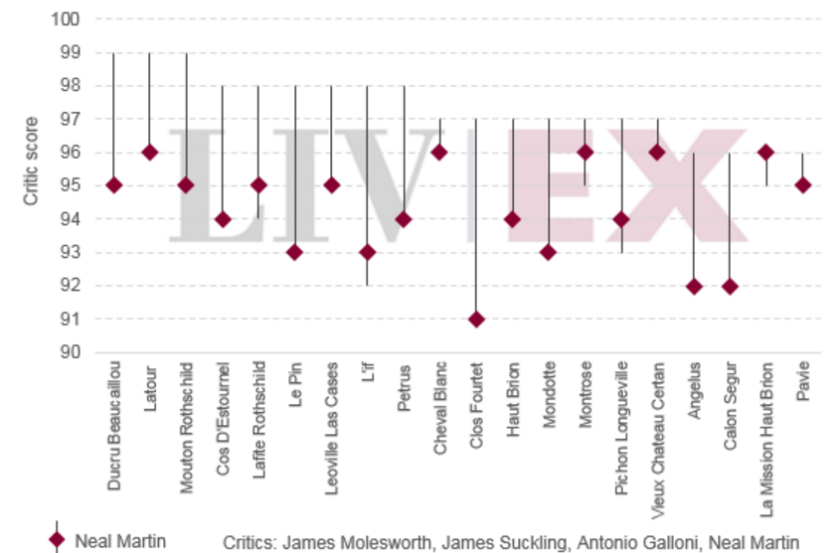
The big news last week was that the 2016 harvest represented the largest in over a decade with 577.2 million litres produced, which equates to 770 million bottles. Interestingly, this is the largest harvest since 2006—and back then the vineyard area was 10% greater. These figures highlight one of the Bordeaux conundrums, that *en primeur* interest is really fixated on less than a couple of hundred wines of classed growth properties near the pinnacle of production. There is a lot of ordinary Bordeaux produced down the chain that does not find an instant market. Yet, for the great and good Châteaux of the region, the wine trade will advocate care in judging release pricing— if impressive *en primeur* sales are to be registered in the UK. This has become another part of the annual routine, yet with more and more leading Châteaux inclined to hold back volumes for a later, and more profitable, release, such pleas may well fall on deaf ears.

While the noise on the 2016 vintage starts to build, trade is focusing on the 2014 vintage, which has just started to be shipped to its destination markets. 2014 may not have been a great year for Bordeaux, but with many good wines available at relatively reasonable prices, it appears to be finding an easy market. The standing of the vintage has grown with various critics now having released their scores for the finished wines in bottle. James Suckling, Antonio Galloni and James Molesworth have all pronounced. The wait is now on for The Wine Advocate scores from Neal Martin, who succeeded Robert Parker last year as the publication's key Bordeaux critic. General consensus across critics certainly assists price growth, but it will be interesting to see if Neal Martin's scores lead to as much speculation as his predecessor. According to The Wine Advocate's editorial calendar these scores will be published at the end of June, at which point it will be fascinating to see which vintages demands the most attention.

[Fig 1] Liv-ex Indices Monthly Close

Index 31/01/2017 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	338.91	0.98%	0.98%
Liv-ex Fine Wine 100	301.08	1.26%	1.26%
Liv-ex Bordeaux 500	294.65	0.51%	0.51%
Liv-ex Fine Wine 1000	301.24	0.48%	0.48%
Liv-ex Fine Wine Investables	325.87	0.78%	0.78%

[Fig 2] The Spread of Scores for Bordeaux 2014



Source: Liv-ex