

## Changing Faces in Burgundy

As of today, the Liv-ex 50 stands at 343.34, four points ahead of the February market close. This reflects ongoing interest in the Bordeaux First Growths and crucially does not include the 2014 vintage, which has been the focus of much trade over the last month.

Elsewhere, we learned that Laurent Ponsot has left Domaine Ponsot in Morey St. Denis to set up a négociant business with his son, Clément, in the Vougeot area. Laurent had previously added wines made from fruit purchased under contract to the Domaine's portfolio and there is now some speculation that this supply will follow him to his new set-up. In an interview, Laurent stressed that *'The word 'négoce' is not a bad one; without négoce or maison, Burgundy would not be Burgundy'*. He has also underlined that he will not simply be buying fruit; he will be involved in the vineyard as well. It has often been observed that Domaine Ponsot tended to harvest later than most and the later harvest date has been viewed as a key determinant of quality. The running of Domaine Ponsot now rests with Laurent's three sisters, Rose-Marie, Catherine and Stéphanie, each of whom have successful careers outside of the wine industry.

Laurent's departure highlights that the role of a négociant is a necessity today given the rising prices for vineyard land in Burgundy. The ability to set up supply contracts, where the purchaser can take control of the vineyard rather than simply buy in grapes or young wine, removes the need for expensive vineyard acquisitions. In 2014, when Domaine des Lambrays, also based in Morey St. Denis, was acquired by LVMH, the price for one hectare of Grand Cru vineyard was estimated at €4.35 million, with €10 million judged as the upper bracket for the most desirable Grand Cru. One can only assume that in the last three years that vineyard prices have moved still further. Caroline Parent-Gros of Domaine AF Gros commented to Decanter back in 2014 that the cost of vineyard in Burgundy has increased so much that it is disconnected from the profitability. When a domaine passes from one generation to the next it is now hugely problematic, as large inheritance tax bills are due and this could result in obligated sales where the new owners are likely to be corporations or wealthy individuals, which will in turn lead to a reduction in the number of owner-winemakers. When Domaine Bonneau du Martray sold to Stan Kroenke earlier this year, one can only guess what the purchase price might have been.

With regards the much awaited 2015s from Domaine Ponsot, Laurent continues to oversee their evolution and the domaine has confirmed the release should be made in early May. There may be a release from his new négociant towards the end of the year.

[Fig 1] Liv-ex Indices Monthly Close (28/2/2017)

Index 28/02/2017 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	339.40	0.14%	1.13%
Liv-ex Fine Wine 100	302.26	0.39%	1.66%
Liv-ex Bordeaux 500	295.93	0.43%	0.95%
Liv-ex Fine Wine 1000	303.15	0.63%	1.12%
Liv-ex Fine Wine Investables	327.50	0.50%	1.28%

[Fig 2] Liv-ex's assessment of Ponsot's headlining Clos de la Roche, Grand Cru. Vieilles Vignes.

Ponsot, Clos Roche Vv: vintage performance (one year)			
Vintage	Mar-16	Mar-17	Change
2008	£ 1,750	£ 3,000	71.4%
2010	£ 4,150	£ 5,660	36.4%
2007	£ 1,700	£ 2,250	32.4%
2009	£ 4,190	£ 5,082	21.3%
2006	£ 1,530	£ 1,800	17.6%
2005	£ 9,420	£ 10,800	14.6%
2012	£ 4,150	£ 4,410	6.3%
2011	£ 4,450	£ 4,000	-10.1%
2013	£ 4,261	£ 3,684	-13.5%