

## Out of the Foothills?

The Liv-ex 50 closed last Friday on 313.51 and is still rising beyond the monthly close [Fig 1]. Trade in August has remained buoyant and, as mentioned in my [Bloomberg interview](#) last week, the larger part of this buoyancy is due to overseas purchasing of UK-based stock. It is not surprising to see this occur given the increased purchasing power for US, Asian or Euro-based buyers. Across the summer months there has been plenty of commentary on the fine wine market, with some pieces failing to acknowledge the hintergrund...

As we move towards the Autumn, it seems that the post-referendum uncertainty that led Sterling to weaken will be with us for some time ahead, so this opportunity seems set to remain. Currently, it would seem that the UK wine trade is more inclined to sell than to buy, yet such catalysts can create and impetus of their own. Should UK merchants and private clients start buying for inventory at new levels, then that would be a welcome sign of market health. It is worth bearing in mind that the five year high for the Liv-ex 50 was 445.56 (28/08/2011) and the 5 year low 261.37 (20/11/2015).

A steady stream of wines are outperforming the market, perhaps with the overseas buying focus shining a light on availability in a way in which we have not seen for several years. The finite nature of stock should be a driver for a wine's appreciation coupled with desirability, critical acclaim, brand identity and longevity. It is perhaps worth bearing in mind that there are less than 20 Bordeaux with a perfect Parker score between 1979 and 1999 [Fig 2], many of which are anything other than easy to find in good condition. In the current market, it is such stocks that are in the cross-hairs.

## In the News

No sooner has one vintage ended than talk of the next starts up. The 2016 vintage for red Bordeaux has approximately two months to run before harvest commences. Thus far, we know that the weather around flowering was wet, with above average rainfall in May and June, and that it is likely to be a late vintage. The summer months have been hot and dry with some suggesting that the vineyards need a little rain to pep them up. The issue with a later vintage will be the risk of prolonged rains at harvest. Time will tell.

[Fig 1] Liv-ex Indices Monthly Close

Index 30/06/2016 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	307.8	5.35%	16.20%
Liv-ex Fine Wine 100	269.07	3.60%	12.93%
Liv-ex Bordeaux 500	268.67	3.84%	12.82%
Liv-ex Fine Wine 1000	273.3	3.39%	11.45%
Liv-ex Fine Wines Investables	295.97	4.47%	13.82%

Source: Liv-ex

[Fig 2] Parker: Bordeaux 100 pointers (1979 –1999)

Description	Vintage	Market Price per 12
Beausejour-Duffau	1990	£ 6,000
Margaux	1990	£ 8,150
Clinet	1989	£ 5,200
Haut-Brion	1989	£ 16,600
La Mission Haut Brion	1989	£ 10,350
La Mission Haut Brion	1982	£ 9,200
Lafite-Rothschild	1986	£ 10,250
Lafite-Rothschild	1996	£ 8,600
Lafleur	1982	£ 38,000
Latour	1982	£ 16,500
Latour*	1996	£ 5,950
Leoville Las Cases	1986	£ 3,600
Montrose	1990	£ 5,150
Mouton-Rothschild	1986	£ 8,100
Mouton-Rothschild	1982	£ 11,000
Petrus	1990	£ 35,000
Petrus	1989	£ 36,000
Le Pin	1982	£ 95,000

Source: ERobertparker.com