

'Blue Chip' Pomerol Outperform the Market

While the Liv-ex Fine Wine 50 seems to be pausing for the moment, finishing on 338.80 on Friday, life seems to be returning to a different segment of the Bordeaux market, namely the leading wines of the Right Bank.

The Bordeaux Right Bank is widely regarded as having been a particular success story in 2012. In his review of the 28th October 2016, Neal Martin of Robert Parker's *The Wine Advocate* commented that *'the finest wines cluster on the Right Bank and in particular within Pomerol, where they intermittently touch the quality of 2009 and 2010.'* High praise indeed, and yet it seems to have taken a little while for the market to recognise this. With regard to the 2014 vintage, the vintage is less suited to generalisation in Pomerol, but consensus across critics seems to suggest that the greatest terroir performed well, notably those on the plateau. Neal Martin did conclude his initial summary of the vintage by saying, *'at its best, Pomerol seriously delivers, and experience has told me that they might be even more impressive once in bottle.'* It will be intriguing to see what scores he delivers come the end of June.

Focusing on just two Châteaux, Le Pin and Petrus [Fig 2] makes for interesting reading. It charts the progress of four vintages of these two Châteaux over the last five years. Much has been made of the fine wine market's performance last year, but the specific vintages here far outstrip the performance of the Liv-ex Fine Wine 50 and Fine Wine 100, which recorded increases over the last 12 months of 25% respectively. Scarcity plays a key role here; the scale of production is far lower in Pomerol in comparison to the any of the First Growth Châteaux of the Left Bank. Consider Château Lafite-Rothschild's production of between 15,000 to 20,000 cases, next to Petrus' 2,500 or Le Pin's few hundred cases.

Pomerol does seem to have come back into focus; virtually all physically available vintages of Petrus enjoy a solid bid on Liv-ex, while bidding activity in Le Pin is more vintage specific. This recent surge in interest in Pomerol solely focused on the ultimate blue chips of the region, Châteaux such as Vieux Château Certan, Lafleur, La Conseillante and La Fleur-Petrus are also witnessing greater demand. The 2010 vintage of the latter— with a 97 point score from The Wine Advocate —hit an all-time high on Liv-ex last week, trading ahead of its market price of £1800/12 at £2018/12. We expect a review by Neal Martin on the 2014 vintage will bring more good news to the Right Bank, and currently it looks like specific Pomerol are being judged as offering good value or good scope for appreciation in advance of that.

[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] Prices moves by time period for Châteaux Petrus and Le Pin (2014, 2012, 2010 and 2009)

Château	6m	12m	2y	5y
2014 Petrus	26%	38%	n/a	n/a
2014 Le Pin	20%	34%	n/a	n/a
2012 Petrus	3%	11%	20%	n/a
2012 Le Pin	11%	21%	52%	n/a
2010 Petrus	25%	31%	33%	18%
2010 Pin	21%	46%	55%	124%
2009 Petrus	17%	24%	31%	16%
2009 Le Pin	18%	34%	39%	121%