

## More runners and riders

January has continued to be a brisk trading month and so far it appears that the Liv-ex Indices are continuing in a similar vein to last year. The Fine Wine 50, for example, now stands at 336.93 ahead of its December close. With steady trade in Bordeaux and plenty of activity surrounding Burgundy 2015 as well as various back vintages, all signs for 2017 seem positive.

Today's picture is markedly different to when we enjoyed such value growth previously; you do not need to look far back to find data that highlights the shift. In a recent post, Liv-ex highlighted the breadth of the modern market by drawing attention to the fact that 4,396 individual wines had traded on the exchange in 2016, a meaningful increase of 27% over 2015 and a whopping 167% increase on 2010. Over that same period, the share of Bordeaux First Growth on the exchange fell 26% by value.

We have commented previously on the broadening of the market that has taken place over these last five years. Rather than purely being a temporary divergence from the norm, this trend to diversification has shown it has legs. It is worth stressing that the diversification itself does not solely concern more attention being focused on different countries and regions outside of Bordeaux and Burgundy, but rather a hunt for value within these two regions, too.

With prices for leading Burgundy showing no sign of slowing down (in 2016 the Liv-ex Burgundy 150 Index rose by 26% and is one of the strongest performers with 41.9% growth over five years). Such solid numbers have inclined clients to consider which Domaines, outside of the illustrious few, may be stepping up in both quality and price. Likewise, in Bordeaux there has been much discussion of the shift in tastes, and thereby scores, as Neal Martin assumed the role of Bordeaux critic as Robert Parker has taken a backseat. The wines from Châteaux that may not have previously drawn speculative attention are now coming into the limelight. Châteaux such as Canon and Figeac have each drawn greater attention than was the case in the 'Parker Years' when each attracted lower scores. And if we look further afield, it seems like Barolo is set to command greater focus as the releases of the 2013s start to come to market and 2012 Brunello di Montalcino could also lead to greater engagement.

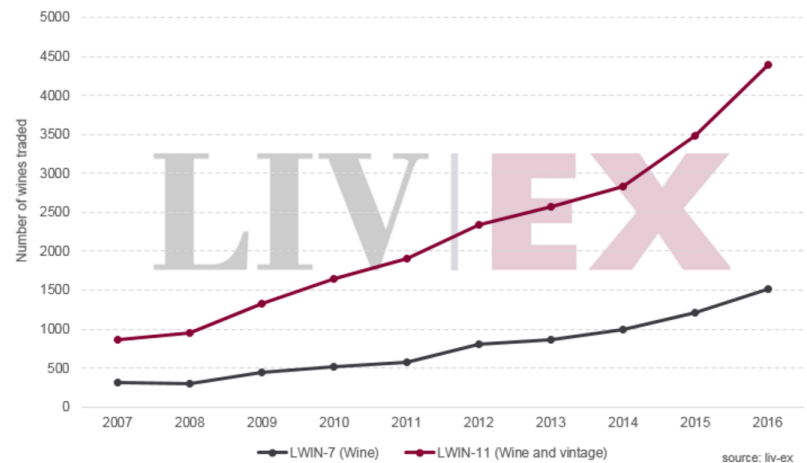
It could be argued that the fine wine market almost reinvents itself every five or six years; certainly looking back on this last five years, there is a dramatic contrast to the five before that.

[Fig 1] Liv-ex Indices Monthly Close

Index 31/12/2016 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	335.61	0.22%	0.00%
Liv-ex Fine Wine 100	297.33	0.38%	0.00%
Liv-ex Bordeaux 500	293.15	1.03%	0.00%
Liv-ex Fine Wine 1000	299.80	1.08%	0.00%
Liv-ex Fine Wine Investables	323.35	0.17%	0.00%

Source: Liv-ex

[Fig 2] Number of wines traded: ten year view



Source: Liv-ex

The graph above shows the growth in wines traded on the Liv-ex exchange as measured by the number of LWIN codes—unique codes relating to specific wines..