

Surveying the lie of the land

The major Liv-ex Indices all eased off a fraction last month, perhaps taking a breather before the *en primeur* season truly kicks off. In recent years, there has been some form of a pause in advance of the key May/June trading period. Irrespective of the pricing level for the new Bordeaux vintage, it places back vintages into context and initiates trade. If new releases do not seem favourable, it also frees up potential expenditure with certain players in the market. While seasonality of the market has diminished to some extent in recent years, the ease-off before this trading period has remained fairly constant.

We will not see any 2016 Bordeaux releases today as it is a French National holiday. It has been interesting to view the results of the annual Liv-ex *En primeur* survey (for the membership's view of the top 10 wines of the vintage please see Fig.2) released this morning. While many of the inclusions may be rather predictable, it is clear that Vieux Château Certan is now cementing its position in the upper echelons as it is now regularly grouped in the top 10. Moreover, in 2016, it is the sole representative from Pomerol.

Another observation is the appearance of both Château Montrose and Cos d'Estournel in the top 10. While Montrose's inclusion is not so surprising, Cos has certainly caused a stir this year. Oddly, despite its inclusion in this list and despite that it is historically the most favourably priced within this grouping, very few merchants backed their own judgements and bought immediately on release. Most held back and waited to see what Neal Martin might say. His glowing endorsement and accompanying point score of (98-100) led to a frenetic Monday morning last week as merchants chased down available stock in Bordeaux. Today, it is bid at its UK release price of £1400/12 (once commissions are taken into account) on the Liv-ex exchange, with no stock offered.

Most merchants surveyed by Liv-ex stated that they expect greater demand this year compared to last, although many stressed that realistic pricing will be key. An increase in price of 8.13% in Euro cost was also predicted by the membership— although that was before we received news of the frost that has affected certain areas of Bordeaux. Hopefully the campaign will commence in earnest this week, at which point we will know whether this vintage is worth buying into *en primeur* or whether — as has been the case in many recent vintages — the smart money is picking off back vintages at more favourable pricing.

[Fig 1] Liv-ex Indices Monthly Close (30/04/2017)

Index 30/04/2017 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	341.39	-0.57%	1.72%
Liv-ex Fine Wine 100	304.30	-0.53%	1.80%
Liv-ex Bordeaux 500	299.38	-0.20%	1.92%
Liv-ex Fine Wine 1000	306.67	0.05%	2.34%
Liv-ex Fine Wine Investables	330.61	-0.40%	1.83%

[Fig 2] The Top Ten wines from the 2016 Bordeaux vintage as predicted by the Liv-ex membership

Liv-ex members' top 10 wines of Bordeaux 2016	
1	Château Lafite Rothschild
2	Château Mouton Rothschild
3	Château Haut Brion
4	Château Margaux
5	Château Ausone
6	Vieux Château Certan
7	Château Cheval Blanc
8	Château Latour
9	Château Montrose
10	Château Cos d'Estournel