

All about Bordeaux, all in the balance

The Liv-ex monthly close for the various indices is yet to be posted, but if the performance of the Liv-ex Fine Wine 50 is any gauge, steady progress is expected. The Liv-ex 50 is reported on daily and currently stands at 343.36, four points up on February's close.

Last week was all about Bordeaux and the same is expected this week as well. On Friday, Neal Martin published his much awaited in-bottle scores for the Bordeaux 2014 vintage, with comparatively few surprises. Whilst he maintained that 2014s *'appear to have blossomed during their élevage and in bottle'*, he also added that 2014 is *'a very good to excellent vintage, however it is unequivocally not in the same realm as 2005, 2009 or 2010, nor does it boast the snow-capped peaks that you occasionally find with respect to 2015.'* The market already knew this and the attraction of the 2014s is centred on relative value. Despite the fact that many 2014s have already increased in price, a good number remain readily available in the market and still at attractive levels.

This week, attention will move to the 2016 vintage as the great and good head to Bordeaux to taste barrel samples of the latest *en primeur* vintage. In his review of the 2014 vintage, where Neal Martin stresses the value of many 2014s, he doubts *'that 2016 will be cheap and given the sentiment, more expensive comparative to 2015.'* He highlights the fact that 2012 and 2014 will benefit from positive pressure as a consequence.

Having quizzed various proprietors last week while tasting *en primeur*, we anticipate prices for the 2016s being increased at source by as much as 10%, which would translate to a lift of 20% to the private client buying in sterling. While generally expressed sentiments in Bordeaux have proven misleading historically, it is worth highlighting the fact that several Château owners did not anticipate huge price hikes as they still recall how the release pricing for the 2010s sorely tested the market. That said, with the implications of currency, the UK could be looking at release prices for the Bordeaux First Growths of £5000-£5500 per 12 in bond for the 2016s. This compares to an average market value of approximately £3700 for the First Growth [Fig 2] across vintages 2012 and 2014. While so much of this is conjecture, one thing is sure: some interesting judgements on value will be made by all participants.

[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] The 2012 and 2014 of the First Growths (excluding Latour) showing current market value and price movements over 6 and 12 months.

Château	Liv-ex Market Price	6 m	12 m
Mouton Rothschild, 2014	£3,553	11%	33%
Margaux, 2014	£3,500	13%	36%
Haut Brion, 2014	£3,276	9%	41%
Lafite Rothschild, 2014	£4,368	22%	39%
Mouton Rothschild, 2012	£3,500	9%	19%
Margaux, 2012	£3,450	5%	19%
Haut Brion, 2012	£3,344	4%	22%
Lafite Rothschild, 2012	£4,384	12%	25%