

Plus ça change, plus c'est la même chose...

September continues to be characterised by a higher than normal volume of trade. While the Liv-ex 50 (First Growths) has not pushed ahead of the monthly close, currently standing at 317.38, it was widely expected that the move in prices would have to settle down [Fig 1]. After all, just under 20% growth in value in nine months is quite remarkable.

The most encouraging aspect is that, while volumes of Bordeaux trade do not compare to the bull-run that the market enjoyed between 2008 and 2011, selective targets continue to trade at strong prices. Equally the spread of wines being traded is quite broad, reflecting the greater diversity that crept into the market during Bordeaux's slump.

One fascinating aspect concerns brand value. Various, more affordable vintages of First Growth are trading well; vintages that may be considered to be moderate or good rather than exceptional. Undoubtedly, the majority of such stock is heading out to nascent markets. The chart to the right [Fig 2] shows five vintages of Château Lafite-Rothschild, rebased on a one year view. It is odd to see the red line — the very lacklustre 2013 vintage — surge so far ahead, particularly when you consider that the slowest (worst?) performer on these terms is the 2010, one of the greatest wines ever made at the estate. Indeed, The Wine Advocate scored the 2013 vintage (87-89) points compared to the 2010 at 98 points!

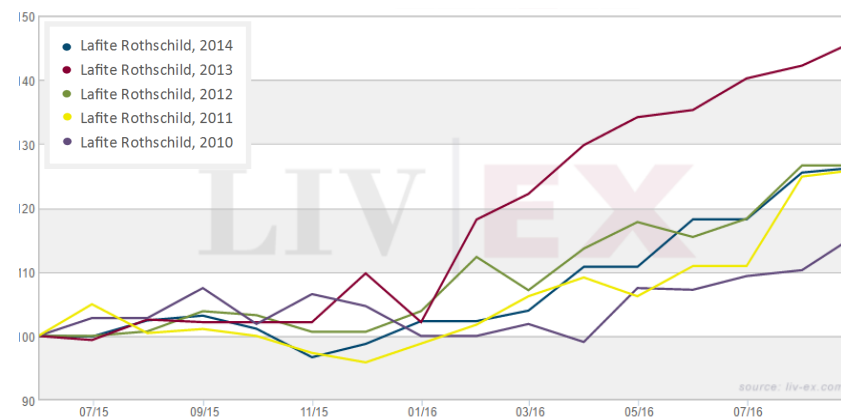
This shows a consumption based demand in a major export market where brand worship remains a market fundamental. It is however encouraging as not only does it deal with a backlog of stock from the market, but it closes the gap between the lesser and greater vintages, surely highlighting opportunity in the latter. If a brand is selling well in an off vintage, it must be a statement of brand health? Asia has not moved away from Lafite yet.

[Fig 1] Liv-ex Indices Monthly Close

Index 31/08/2016 (monthly close)	Level	MOM	YTD
Liv-ex Fine Wine 50	317.4	3.11%	19.82%
Liv-ex Fine Wine 100	276.8	2.88%	16.19%
Liv-ex Bordeaux 500	276.8	3.01%	16.21%
Liv-ex Fine Wine 1000	281.6	3.04%	14.84%
Liv-ex Fine Wine Investables	304.4	2.85%	17.06%

Source: Liv-ex

[Fig 2] Liv-ex 1000



Source: Liv-ex