

MARKET REPORT SPAIN

2018-07 / Report N°1



L U X I U M W I N E S

IBWSS

(International Bulk Wine & Spirit Show in San Francisco)

25-26 July 2018

We will be attending this year the IBWSS 2018 in San Francisco. It is a very Young fair with only 1 edition before. No show offers buyers a greater opportunity to meet producers who offer private label wine, spirits, bulk wine, bulk spirits and contract manufacturing. IBWSS is the ONLY show in the US that will bring the world to you.



Arrange a meeting
with us!

The current climate factors lead us to expect a normal size crop! Prices are still high but slowly coming down.

Like in the previous, close before the summer break, we would like to share with you a short market overview of Spain and actual tendencies for the next crop.

We come from a very tough market situation; product scarcity and higher prices. Actual data coming from Spanish Agriculture Ministry place the total wine production in 36,2 million hl, meaning 15% less than the previous year. The wine sector have been speaking from greater losses, but true is that at the moment new wine batches are hitting the market!

The higher demand of our neighbours, which were also suffering under a small crop, made the prices rise, even disproportionate to actual production figures. Prices have been high ever since, almost doubling the price of the previous campaign. The demand has react accordingly, and the wine market has been relatively quiet since beginning of the year. The shipping has been constant through the year, but now producers start to fear about wines sold but not withdraw until the moment.

Last year's climatology

The lack of rain through all the winter, made producers start to worry about next crop and kept pressure on the higher prices. Nevertheless since March we have had 8 weeks of constant rain almost all over the Iberian Peninsula; as a result average rainfall levels have been beaten, except in the south east. (Mediterranean coast).

The Spanish summer has started, and with it the usual high temperatures. At the moment it is very important to dry the vines in order to avoid complication with plagues / mildew. Due to the climatology producers are warning about a delay of 2-3 weeks for the next harvest. This delay doesn't mean any problem in the

Official wine stocks (incl. aging, bottled,...)

State	Quantity mio hl
C. la Mancha	14,5
C. Valencina	2,3
Aragón	1,5
Castilla y Leon	2,6
Cataluna	5,7
Extremadura	1,9
Navarra	1,3
La Rioja	5
Resto	7,26
TOTAL	42,06

Source: Ministry of Agriculture published 15/06/2018 – from the 31/03/2018

Don't hesitate to contact us should you have any question!

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quality as far as the temperature plays its role. The vines come affected from the draught of the last years, nevertheless it is our opinion that we are facing a “normal” crop with volumes **above 40 million hl.**

The announced frozen damage from the 1st of May, affected mainly a very localised low area in the north of Mancha; white wine zone very popular for sparkling base wines. 6 weeks later we have corroborated a minimal damage. The hail storms, also typical during summer, have damage the east part of Mancha (red wines), and some localised vineyards in other areas of Spain. Nevertheless those storms shouldn't be taken as an alarm!

Stock and price tendency

The official stock levels, published in June by the Agriculture Ministry from the 31.03.2018 show a total wine volume in Spain of about 42 million hl. Estimations are that Spain needs around 32-34 million hl for: ageing, bottling, ...; meaning that the available wine should be around 10 million hl.

Besides from the official statistics, our market feeling is the following: There are still volumes of white wine, and new volumes are also hitting the market, either because of speculation or because of contract terminations. Prices are slowly and constantly going down. Another picture is shown by the red wines, where stocks are limited and distributed through many producers. Prices are also going down, but much more slowly. All in all producers are accepting real counter-offers for an immediate purchase.

Wine alcohol, used for liqueur and aromatised wines, has also been quite affected. Starting from the current prices, alcohol has also doubled its price, which will have a very negative effect on the prices of those wines next season. Although they could be partially offset by the price of the new must.

Product	Tendency	Quantity
White Wine	↘	New stock is appearing
Varietal White Wines	↘	Low stocks
Red Wines	↘	New stock appearing / low stocks
Varietal Red Wines	↘	Low stocks
Concentrate Must / Rectified Must	↘	Low stocks