



EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Italy October 2016 - II

In Italy the harvest 2016 is almost finished and we can confirm in general a very good quality level, especially in the North and Center Italy. On the contrary, we had an abnormal vintage in the South of Italy, with frequent and abundant rains. These factors have influenced also the quality of the grapes, especially in Puglia, where there are low alcohol content wines with an intensity of color lower than the normal levels. The situation is better in Sicily, either for the quality or for the alcohol contents.

This situation has also affected the harvest for the quantity: if the performance of the must was high in the North/Center Italy, on the contrary in Puglia we expect 15/20% less production due to the adverse weather conditions. We think, that the Italian production is similar to the one of 2015, or slightly higher.

Regarding the prices, due to the current situation in Spain, in Italy there are a lot of requests from foreign customers, especially for generic and sparkling base wines, with a slight increase in the prices.

During last weeks, a lot of foreign customers that were not interested in the Italian market since many years, began to issue contracts, especially for the French and the German market, but also for the Spanish one.

We have not to forget, that France will have a significant reduction in production, about 10% less compared to the harvest 2015.

Moreover, some other European countries, such as Austria or Hungary, will suffer an important decrease in the production due to the spring frosts (not forgetting the poor harvest that we had during last spring in the South Hemisphere).

Spain as the country, that plays a fundamental role in the dynamics of the European market but not only, suffered an important decrease in the production due to drought. The Spanish people, that are finishing the harvest in these days, confirmed a production more or less similar to last year, but surely lower compared to expectations of June/July. Currently, there is a strong price speculation, the paralysis of the market and so lower competitiveness on the markets. However, we believe that in the medium/long term, the Spanish cooperatives will reduce their expectations to recover export.

October 19-th, 2016