



EUROTRADE

BUSINESS SERVICES Ltd.

## Newsletter South Africa January 2017

From the point of view of the weather situation, already the winter was by far not ideal in South Africa. It was short, not cold enough and there was 40% less rain than long term figures. The spring 2016 was cooler than normal, but also very dry. On the other side the result was that the vineyards were relatively disease-free. The summer was very hot and windy. But the biggest problem was the drought. The harvest in some districts will be higher from quantity point of view compared with 2016 (Olifantsriver, Swartland, Paarl), Northern cape will be on the last year's level, and some districts will harvest less quantity (Little Karoo, Robertson, Stellenbosh, Breedekloof, Worcester).

The last quarter of 2016 brought a big interest of buyers that was expected to have arrived by midyear. Russian, Chinese, EU and US buyers are contracting everything, including generic reds and whites, with shipments planned ASAP. This has brought welcome relief from that record 2015/16 carryover and also resulted in price increases at all levels on all products. The continuing drought may result in another small 2017 crop and with lower starting-stock levels, the higher demand and expected pricing will bring welcome relief to a country where sustainability has been at extreme risk for many years.

South African Rand is getting stronger and won approx. 10% within of last 6 months against EUR, what makes south-african wines more expensive.

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