



EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Spain - March 2017

The quantity of the crop in 2015 was between 44 and 45 million hl, which means, less the quantity of sulphurized grape must, the wine production was 37,7 million hl. For the 2016 harvest, we expect an equal crop of 44 to 45 million hl, which corresponds to a wine volume of about 41 million hl without the sulphurized grape must (4 million hl produced).

It seems that Spain has a stock of about 9 million hl unsold wine. Therefore, we assume that the stock before the new harvest will be relatively low, or the stock will be finished. In the past, few weeks, large-scale bottlers have been active in Europe, as most of the wineries were only covered by the first quarter. Most of the wineries are only gradually covered. Only the producers of sparkling wine have been covered for the entire year after the harvest.

At the moment, all vineyard areas are in very good condition. It has been raining enough for three months, so it can be assumed that last year's drought has passed. Therefore, we assume that the current water reserves will be sufficient for a generous new crop. But of course, we have to wait until the end of May with a forecast. Then we will know whether there has been frost after the bloom or not.

Regarding Spanish red, rosé and white wines, the wineries are gradually beginning to inform us, that the red wine prices will not fall further, in contrast to the white wine prices, which are set to decline in the coming months. Today's minimum price is set by the distilleries and currently stands at € 2,50/hl^o for border wines with increased iron content, high volatile acidity or other problematic parameters.

Today, the price of wine for finned, filtered wines, EXW La Mancha, which must be loaded at the latest by the end of October / November 2017 are the following (subject to confirmation):

- Spanish red wine 11% to 12,5% vol. Alcohol - between € 2,80 and € 3,30/hl° - tendency increasing
- Spanish red wine 13% to 14,5% vol. Alcohol - between € 3,10 and € 3,60/hl° - tendency rising.
- Spanish rosé wine 11% to 13% vol. Alcohol FC - between € 2,90 and € 3,30/hl° - tendency increasing
- Spanish rosé wine 11% to 13% vol. Alcohol FT - between € 2,80 and € 3,10/hl° - tendency increasing
- Spanish white wine 11% to 13% vol. Alcohol FC - between € 2,80 and € 3,10/hl° - tendency stable
- Spanish white wine 11% to 13% vol. Alcohol FT - between € 2,60 and € 2,90/hl° - tendency falling

The big European buyers (mainly France, Germany and Italy) have already covered large quantities of varietal wines after the crop. This means that you have to be very vigilant, and you should not leave much time with the purchase decision if you still need varietal wines from the 2016 harvest. The demand for Chardonnay, Sauvignon Blanc, Moscatel and Merlot is very large, and the available quantities are very limited.

We do not know how much rectified grape concentrate is stored in Spain. There is a big demand in Spain, due to its low price. The grape must producers will surely speculate. We know there is still a larger stock of sulfurized grape must that can be used for the rectified grape must concentrate production or can be fermented to wine. The situation is not yet clear, and it depends on the price development until the new crop 2017. Today, a standard rectified grape must concentrate 65 Bx costs between € 1,15 and 1,20/kg, EXW. The tendency is stable.

We are observing the market carefully, to see the trends in the coming weeks. With this information, we ask you to demand us specifically about the quantities and qualities you need, because today we are still able to offer good market prices. With a concrete purchase proposal, we will be able to convince the sellers of your proposal.

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