



## EUROTRADE

BUSINESS SERVICES Ltd.

### Newsletter Spain - June 2017

Coming back from our trip through the La Mancha region in week 23 we noted, that the vineyards are in very good conditions, which corresponds to an estimated average yield of 50 hectoliters/ha.

In the last three weeks it has not rained, but in some regions we had hail, which destroyed the largest part of the vineyards in Manchuela, Casas Ibañez, Ledaña, Madrigueras or Mahora. These selective climate damages can occur in every region up to the new crop.

It is heard in whole of Spain, that in the most important cultivation areas in Italy and France large losses have been caused by frost damage. Some estimations assume a crop of only 40 mil. hl for whole France. In the north of Spain, especially in the Rioja and Navarra, producers speak of a possible frost damage of up to 35%. Due to the international situation, we are assuming that most of the wine business will be done with Spain. We also point out that in the last few weeks, many buyers from big wineries have bought despite of the high prices, the wines they need, filling their stock with wine until the new harvest in 2017 in order to meet their obligations by the end of the year. We do not believe the situation on the wine market will relax, rather on the contrary up to the availability of the new wines. We therefore strongly recommend to fill your warehouses with all the wines still available from the 2016 harvest for all the wines you need until November / December 2017, as the prices will continue to rise.

Today, the sale prices, subject to intermediate sale and subject to the seller's confirmation of sale, are the follows:

- White wine between € 3,20 and € 3,80 per hl° EXW
- Rosé wine between € 3,30 and € 3,60 per hl° EXW
- Red wine between € 3,50 and € 3,80 per hl° EXW
- deionized grape juice concentrate 65 Brix € 1,20 per kg - There are only small stocks at high prices, and there will be a high demand in August and September 2017.
- Varietal wines red and white - there are only small quantities at relatively high prices left, depending on the respective grape variety.

The agriculture complains about the current heat, the temperatures are quite high now, with values between 30 ° and 35 ° C in the central area. According to farmers, the drought in 2017 could lead to a harvest reduction. But this complaint is heard every year.

In our opinion, the harvest in La Mancha in 2017 will be significantly lower than that of 2016. For 2017, we estimate a harvest of 20 million hectoliters in the La Mancha, in comparison to the 23 million hectoliters officially estimated (50% white and red) in 2016, 4 million hectoliters will be produced as grape must.

We are currently in Spain +/- 15 days before the normal development - in the La Mancha the first grapes of the grape varieties Chardonnay and Macabeo may be harvested during the last week in July 2017. The harvest of the first red grape varieties, e.g. Tempranillo probably starts around the 20th of August 2017. Airén white grapes around the first week of September 2017.

Concerning the stocks of wine, we can say one thing for sure, that there is not much wine left in Spain, and these stocks will be sold out before the availability of wines from the new harvest (November). We apparently arrive with a stock of zero to the availability of new wines. Since several years, we had no mayor stocks of varietal wines from June on. If you require wines with vine varieties and vintage indications on the accompanying document, you should reserve these wines before the end of the harvest, and determine the required quantities contractually with the condition of the acceptance of the samples. Just so you have a guarantee to get this wine all 2017/2018.

If the weather conditions are normal in the next few weeks, we will estimate the price of wines from the new harvest as follows:

- White wine between € 3,00 and € 3,30 per hl° EXW
- Rosé wine between € 3,20 and € 3,50 per hl° EXW
- Red wine between € 3,40 and € 3,70 per hl° EXW

The vast majority of our customers understood the situation and have already begun to cover their stock, so as to get without problems until the end of November 2017. Do not hesitate to contact us to inquire about the qualities and quantities you need. We can still offer you interesting prices, especially when you consider that the reserves can be sold out quickly.

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