



EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Italy - July 2017

After collecting some impressions and forecasts among our Italian contacts, we'd like to share our report about the current situation of the Italian vineyards with you.

WEATHER SITUATION:

The last Spring frosts in late April became almost an unrealistic souvenir as now Italy is gripped by drought as the summer heat continues with no signs of rain. The state of emergency for some Northern provinces was declared due to the shortage of water. Also Tuscany called for a state of emergency and more towards the Southern regions inhabitants were invited to limit water use for gardens, filling swimming pools and washing cars. The water shortage is been causing damages to agriculture. The Northern regions are suffering quite less than the regions in the South-Centre of Italy as some summer storms refreshed and heavy rains - without any consequent damages - watered fields and lands. Nevertheless drought is already an important matter in these days, as it comes just a couple of months before the next crop starts. And if the general weather conditions do not change in these next two months certainly drought and dryness will become the keystone of the 2017 campaign, which will affect the market considerably for at least the first 2 or 3 months in the new crop till November.

A special note must be given to VENETO:

here the most of the problems were caused to the main grapevine of the region, which is Glera, the variety for Prosecco. No official data have been made public yet, but it is told that no less than min. 500.000 HL of Prosecco will lack for the next campaign. Certainly this lack of white wine for Prosecco could influence the market of the white wine for at least 2 or 3 weeks at the beginning harvest.

MARKET SITUATION:

Currently the situation of the prices of the Italian wines is stable for the reds and the whites. In certain cases it may even be offered little lower against special loading and payment conditions before August.

Regarding must and rectified grape must concentrate: they are the "source" and they are of course expected to be the first to increase more in the next crop. The rectified

concentrate in Italy had a sudden increase in the last couple of weeks and from Northern Italy is currently offered at around € 1,40/kg EXW for 65°Bx. Of course if the dry weather continues for the next few weeks, its price for the 2017 campaign may go down again, because of its limited appliance with hot temperatures.

Also, it is worth keeping an eye on the probable anticipation of the crop, which would lead to big demands that at their turn may cause some speculations.

CONCLUSION:

Generally speaking, the stocks now available show that the consumption in the year 2016 / 2017 were normal and that consumings were not particularly increased; next crop is then expected to keep as the same production quantities as in 2016, provided that hot & dry will fall down a bit, so that consumings for 2017/ 2018 are covered and - in general - the Italian prices will be kept as much competitive as possible.

Our suggestion is to take advantage now of the lots that are being offered with shared loadings till September / October and start negotiating for the new lots of wine of the new crop only later, once the most of the operators will already have completed their purchases and the prices will have started decreasing!

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