



EUROTRADE

BUSINESS SERVICES Ltd.

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By our consultations in La Mancha, Manchuela, Extremadura, Valencia and Alicante we had the opportunity to speak with all big cooperatives and private wineries. Regarding the information of the producers and our opinion, we think, that we are in the following situation:

Since three months we suffer a dryness with unusual high temperatures of 35°C to 40°C. The vineyards are in good conditions with sane grapes, but with a higher graduation than normal. If there will be no more rain until the 15th September, the crop will be a 30% less than last year. We suppose, that La Mancha will have a crop of around 20 million hectoliters and that in total Spain the result of the total harvest will be around 37 million hectoliters. The harvest has started in whole Spain, 2-3 weeks earlier than in a normal year.

VARIETAL WINES: The crop has started 10 days ago, but the results of the harvest are not very satisfying, because the yield is a 30% less than expected.

MOSCATEL: The crop has already started, and in Valencia the result is very satisfying, the producers suppose, that there will be a 10% more than last year. Prices will be fixed end of this months, but the cooperatives suppose, that they will be similar to last year's prices, with a maximum rising of a 10%, depending on the producer.

RED WINE: The crop will begin this week and we count with a loss of a 30 to 40%, so we think, that the price for standard red wine will be around 5,00 EUR per °hl.

WHITE WINE: The crop of Airén begins in La Mancha end of August and will finish by October 15-th. We expect 15% less quantity compared with last year, so that the prices should be between 3,30 and 3,50 EUR per °hl, wines for the distillation will be around 3,00 EUR per °hl. In Extremadura, we estimate a crop which will also be a 15 to 20% under the quantity of last year's crop.

For the general analysis, we can say that this is not a Spanish problem, as 20 to 25 million hl of wine are missing in all of Europe.

The crops in Argentina and Chile were bad. In Italy, too, a crop loss of at least 15 to 20% is expected. France also expects a loss of about 20%.

It seems to us that we are in a similar situation as in 2013, when we had very expensive prices in the harvest, whereby the sales fell sharply, so that at the end of the wine year there were still large unsold stocks.

In about 10 days the big private cellars will publish their offer for the grapes and it will be very important that they will not pay the grapes much more expensive than last year.

We hope it will rain in the next few weeks; this could change the whole situation.

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