



EUROTRADE

BUSINESS SERVICES Ltd.

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The bulk wine market will be hard hit by the 2017 vintage and prices are likely to hit record highs.

With a shortage of both white and red grapes across Europe, largely due to the spring frosts in April, and hailstorms that caused major damage to vineyards in many areas, we can describe the next harvest as “one of the most problematic we have seen in the past 30 years.” Production volume has been estimated to be down by about 40 Million hectoliters in Italy according to the last Assoenologi report, down about 25% on 2016. However, this could be still described as “optimistic”. So far we only have indications of what the grape prices will be, given that the wine market has yet to open, but we are certain that it will be a very bad situation for prices on the bulk wine market.

But it's not only in Italy where production volume is down. In France, volumes may be down by as much as 17% to around 37 Million hl, a historic low according to a French ministry report, and even worse than 1991, one of the poorest vintages in living memory.

In Spain, the first estimates show a slight decrease compared to last year, to about 38 to 39 Million hectolitres. While there was some inclement weather, the country's largest production area Castile-La Mancha, responsible for almost half of Spanish output, got off relatively lightly.

As a result of these shortages, world production will fall below world consumption for the first time in 70 years, said Lazaretto, and Europe will probably be short of around 20 – 25 Million hectolitres.

The first task of any company will be to secure supplies before submitting any offers. Prices will probably reach record highs from the moment that dealing begins. And bottling companies that closed on contracts to supply between January 2017 and January 2018 may struggle if they haven't already covered their requirements, as they will have to pay more to secure the wine they need.

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