



EUROTRADE

BUSINESS SERVICES Ltd.

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The feeling which we had due to the lack of water in the vineyards of whole Spain from September 2017 to December 2017, and where everybody was telling during the harvest, that during this year we will have high prices, or at least at the same high level, has now changed completely.

After January 2018 until end of March 2018, we have had in the La Mancha region a media of 213,20 mm of rain (you have to have in mind that during the whole year 2017, we had a media of 297,80 mm and in 2016, a year with exceptional rainfalls, we had 434,80 mm as media in the region of La Mancha (source: www.meteociudadreal.com))

In our opinion, this should be enough water to experience this year a very good flowering, and this could allow us to get a good harvest in 2018 in Spain. Nevertheless, we must not lose sight of what could happen in the coming months, such as the risk of frost until May 20-th, or the risk of no longer rain between June and September 2018, which would reconvert the final volume of this crop into disaster.

Throughout Spain, water reserves continue to be below normal levels (less than 40%), but we are noting from the wine growers that, thanks to recent rains, their pessimism has turned into a slight optimism. On the other hand, this will not be passed on the prices in a short term.

Regarding the volumes of wine still available from the 2017 harvest, which still remain as stock in the producer's tanks, it is very difficult to obtain a correct estimation. But generally, crossing the sources, everybody agrees to say about the red wine, that in this moment there is almost no red wine available anymore to sell and it is a long period before us till the red wine from the 2018 harvest (towards the end of November 2018) will become available.

Regarding the white wine, according to the information that the producers are sending us, almost all the white wine could possibly be sold. On this point, we do not agree at all, because we often receive offers from producers who are now offering lots of

contracts that have been cancelled by customers. So, in view of this, we think it is speculation.

As we already indicated in our last market report, all the contracts signed from September 2017 for wines from the 2017 harvest have all been signed, when the prices were already considered relatively expensive. These include delivery periods in general until SEPTEMBER 2018, and even for many of them, until the end of MARCH 2018.

These contracts were realized with the idea that in April 2018, the prices would decrease and therefore, many buyers were trying to find important market opportunities from March / April 2018 (as every year). Our opinion is that this price reduction is not going to happen this year and that prices will not go down, at least until the announcement of the prices of the new crop 2018 (not before end of August).

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