



EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Spain – February 2019

Today we can say that we have achieved a stable market situation. The prices are at a similar level, as they were at the end of January 2014. Officially, the 2018 harvest in Spain has been confirmed with a quantity of 49.30 million hectoliters, of which +/- 26 million hectoliters come from the La Mancha region. From the total quantity, almost 44.41 million hectoliters (90.3%) are used for wine production and almost 4.8 million hectoliters (9.7%) for must production. The rest, about 96,460 hectoliters is for other products derived from grape must. In general, this means an increase of + 38.6% over the 2017 crop.

As we know, in December 2018 and January 2019 the cooperatives have made major sales contracts with their customers. Due to the market's activation, we believe that prices will not go down any further. We also hear from most producers that sales are within the normal range for this season. This information also coincides with the message from the freight forwarders that their tank trucks are permanently on the move.

So, if we analyse all the elements, we can definitely assume that the market has reactivated after the harvest, and that prices will continue to stabilize, and in no case will rise in the short term.

We should continue observing whether it will go on raining in the wine regions until April, or whether there may be frost or other negative weather phenomena. Should the situation remain stable, it would allow us to develop distribution projects for wines from the 2018 and 2019 crops.

At present, the price of wine for distillation is from 1,90 € /hº to 2,00 € /hº. These are wines which are not suitable for consumption, like e.g. wines from yeast press or defective wines with too high iron or gluconic acid content. However, this price is a reference for the minimum possible price at which the producers can offer.

This year, most cooperatives have difficulties to deliver white table wine with an alcohol content above 10,80% / 11% vol. In fact, the Airén grape, which is the source of cheap white wine, had high yields this year but could not mature enough to develop grades above 11%. So, if you are interested in white wines with a higher alcohol level, you

have to switch to grape varieties like MACABEO, VERDEJO or even SAUVIGNON BLANCO or CHARDONNAY.

The indicative price range for wines from the 2018 harvest is as follows, subject to confirmation by the producers. It is important to know that producers have an open ear for your suggestions, so you should not hesitate to propose your price indication with quantity and loading planning in order to get the best conditions for your required contract.

- WHITE WINE traditionally fermented (FT) from € 2,10/hl^o to € 2,30/hl^o
- WHITE WINE controlled fermented (FC) from € 2,30/hl^o to € 2,60/hl^o
- ROSÉWEIN traditionally fermented (FT) from € 2,30/hl^o to € 2,40/hl^o
- ROSÉWEIN controlled fermented (FC) from € 2,40/hl^o to € 2,80/hl^o
- RED WINE from 10.5% to 12% vol. 5 colour points from € 2,80/hl^o to € 3,30/hl^o
- RED WINE from 12.5% to 14.5% vol. 7 colour points from € 3,00/hl^o to € 3,80/hl^o

As we keep pointing out, wines with the indication of grape variety or BIO certification should be bought as soon as possible, as they are limited and the market is currently very active, so prices are steadily rising in the coming months. We therefore strongly recommend to make all contracts for varietal wines and organic wines that you need until the next harvest.

- Red varietal wine (100% Cabernet Sauvignon, Merlot, Syrah, etc.) - € 3,80/hl^o to € 4,80/hl^o
- White grape variety (100% Macabeo, Chardonnay, Sauvignon Blanc, Verdejo, etc.) - € 2,70/hl^o to € 5,50/hl^o

Do not hesitate to contact us to let us know which wines you need, stating the quantity, qualities, delivery schedules and the maximum possible price you are willing to pay, so that we can offer you alternatives to the best market conditions as quickly as possible.

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