



EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Spain – November 2022

News of the 2022 wine harvest from Spain

- The production costs of the winegrowers have risen significantly compared to the previous year: the price of fuel and pesticides in particular has almost doubled within a year.
 - This has a direct impact of +10% - +15% on grape prices.
- For some time now, politics in Spain has been putting enormous pressure on cooperatives not to sell a single drop of wine below production costs.
- Also in the wineries, the production costs have risen enormously because of the energy prices (electricity and gas).
 - An example: A winery that spent around €900,000 on electricity last year must expect to spend at least €3,000,000 in this campaign.
- Analysing the various factors, increase in the electricity required for wine production, especially for sparkling base wines, tartaric acid that has increased from €3.20/kg to €5.40/kg, grapes that have to be bought at a higher price, and other associated increases (sodium sulphate, which has tripled its price), we can already estimate that if a sparkling wine base had costed €36-37/hl last year, the price should be around €40/hl this year.
- On the basis of our crop forecasts for 2022 in Spain, we can predict the prices for the crop, which are **only slightly higher than at the beginning of the last crop**.
- However, price trends can change very quickly in one direction or the other.
- In fact, **prices have become very unstable since 2019**, and now visibility on the markets has become even more difficult and it is impossible to predict in the long term (see COVID, Russia and Ukraine conflict, etc.).
- The same **uncertainty** prevails over **energy prices**, whether electricity, gas or fuel, which directly affect the price of wine, be it in the vineyard, in the cellar or for transport.
- In a normal year, most European wine buyers (mostly sparkling wine base wine producers) make their purchases between September and November; but due to the huge delays in withdrawals in their markets in 2021, this will not happen until February 2023 in this campaign. This seems to be an important factor because we now want to see if the cooperatives in Spain can maintain their

prices until then or if prices start falling to try to activate sales... But one thing is clear, from a commercial point of view is the situation is very difficult to assess.

- We particularly point out that during the 2021 / 2022 commercial campaign Spain has benefited commercially from the reduced harvests in France and Italy and now the new 2022 / 2023 campaign begins almost without stocks, a very important fact. Because with space in the barrels for a hypothetically possible very good harvest in 2023, this fact will prevent prices in Spain from falling quickly in the short term.

It is known that:

- Italy, with an excellent 2022 harvest of more than 51 million hectoliters, starts its sales season with very aggressive prices,
- France has had a large harvest with more than 44 million hectoliters,
- Spain has a harvest of over 37 million hectoliters despite the drought,
- Germany has an above-average harvest of 9 million hectoliters.

| Year of the crop | Total quantity Spain | Quantity La Mancha | Price exw Redwine | Price exw Whitewine |
|------------------|----------------------|--------------------|-------------------|---------------------|
| 2013 | 56 MIO HLS | 33 MIO HLS | € 3,40 h° | € 3,30 h° |
| 2014 | 46 MIO HLS | 25 MIO HLS | € 2,60 h° | € 2,30 h° |
| 2015 | 42,5 MIO HLS | 23 MIO HLS | € 2,90 h° | € 2,40 h° |
| 2016 | 52 MIO HLS | 25 MIO HLS | € 3,30 h° | € 3,00 h° |
| 2017 | 36 MIO HLS | 20 MIO HLS | € 4,50 h° | € 3,90 h° |
| 2018 | 50 MIO HLS | 29 MIO HLS | € 4,40 h° | € 3,90 h° |
| 2019 | 38 MIO HLS | 19 MIO HLS | € 3,50 h° | € 3,00 h° |
| 2020 | 47 MIO HLS | 25 MIO HLS | € 2,70 h° | € 2,30 h° |
| 2021 | 40 MIO HLS | 21 MIO HLS | € 3,60 h° | € 3,30 h° |
| 2022 | 37 MIO HLS | 20 MIO HLS | € 3,10 h° | € 3,30 h° |

Today the **white wine price** remains at the same price level that we had since the start of the previous harvest, there is no indication today that the white wine price could go down in the coming months.

Also, this year it is clearly the most popular product on all international markets. The white harvest in Spain is correct, with no obvious flaws.

Red wine price

After **falling to €2.50/h° in May**, red wine **rose again to €3.70/h°**. The starting price for the reds of this new 2022 harvest is currently between €3.10 h° and €3.70 h° ...

- In this price range there is a very large gap between the producers, because on the one hand we have those who ask the high price of about €3.70 h°, which is due to the apportionment of the prices for the grapes set this year + energy prices + increase in the price of crop protection products + enormous pressure on cooperatives, explains.
- But on the other hand, we have some producers who found great commercial opportunities in the 2021 red harvest at €3.10 h° and as a result continue to sell at this price, the new 2022 red harvest

GUIDELINE PRICES FOR SPANISH WINES PRICES EXW WINERY SUBJECT OF SALES CROP 2022 EXW. LA MANCHA

WINE WITH ORIGIN SPAIN – WITHOUT INDICATION OF VARIETAL OR CROP IN THE DOCUMENTS

| TABLE WINE | BASE WINE FOR SPARKLING 10% F/C TA MIN 6 | 11% F/T Traditionally fermented | 12% F/T Traditionally fermented | 11% F/C Controlled fermentation | 12% F/C Controlled fermentation | TREND |
|------------|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------|
| WHITE WINE | 36,00 €/HL (€ 3,60 h°) | 36,30 €/HL (€ 3,30 h°) | 39,60 €/HL (€ 3,30 h°) | 38,50 €/HL (€ 3,50 h°) | 42,00 €/HL (€ 3,50 h°) | = |
| ROSÉ WINE | 38,00 €/HL (€ 3,80 h°) | 37,40 €/HL (€ 3,40 h°) | 40,80 €/HL (€ 3,40 h°) | 40,70 €/HL (€ 3,70 h°) | 44,40 €/HL (€ 3,70 h°) | = |

| TABLE WINE | Red Wine 11% IC 5 MIN | Red Wine 12% IC 7 MIN | Red Wine 13% IC 8/9 MIN | TREND |
|------------|------------------------|------------------------|-------------------------|-------|
| RED WINE | 34,10 €/HL (€ 3,10 h°) | 37,20 €/HL (€ 3,10 h°) | 41,60 €/HL (€ 3,20 h°) | ↘ |

VARIETAL WINES 100% WITH INDICATION OF VARIETY AND CROP IN THE DAA

| White Wine Varietal 100% * crop 2022 | | € Indicatif 12% | TREND |
|--------------------------------------|------------|-----------------|-------|
| WHITE WINE AIREN | 3,60 €/hgd | € 43,20/HL | = |
| WHITE WINE MACABEO | 3,60 €/hgd | € 43,20/HL | = |
| WHITE WINE VERDEJO | 4,30 €/hgd | € 51,60/HL | = |
| WHITE WINE MOSCATEL | 5,00 €/hgd | € 60,00/HL | ↗ |
| WHITE WINE SAUV. BLANC | 5,00 €/hgd | € 60,00/HL | ↗ |
| WHITE WINE CHARDONNAY | 6,00 €/hgd | € 72,00/HL | ↗ |
| Rosé Wine Varietal 100% * Crop 2022 | | € Indicatif 12% | TREND |
| ROSE TEMPRANILLO | 3,60 €/hgd | € 43,20/HL | ↘ |
| ROSE GARNACHA | 3,70 €/hgd | € 44,40/HL | ↗ |
| ROSE BOBAL | 3,70 €/hgd | € 44,40/HL | ↗ |
| Red Wine Varietal 100% * Crop 2022 | | € Indicatif 12% | TREND |
| RED WINE TEMPRANILLO | 3,50 €/hgd | € 42,00/HL | ↘ |
| RED WINE SYRAH | 3,80 €/hgd | € 45,60/HL | = |
| RED WINE CABERNET SAUV. | 4,00 €/hgd | € 48,00/HL | ↗ |
| RED WINE MERLOT | 4,50 €/hgd | € 54,00/HL | ↗ |

WINE PRICES BIO / ECO – BIO CERTIFICATE BY « ECOSCHERT / SOHISCERT » - ACCORDING TO EU-LEGISLATION

For your need of ORGANIC wines with EU certification - ECOSHERT / SOHISCERT or NOP equivalence. We continue to be attentive to your specific needs, because it is important to know that thanks to the weather conditions that we have, the vineyards in Spain have no difficulty in adapting their production to the standards required for certification. More and more cooperatives are offering large organic quantities, following the cheap price curve to which Spain is accustomed.

| BIO / ORGANIC | BASE WHITE WINE FOR SPARKLING 10% F/C AT 6 | 11% F/C Controlled fermentation | 12% F/C Controlled fermentation | TREND |
|----------------|---|------------------------------------|------------------------------------|-------|
| WHITE WINE BIO | 43,00 €/HL (€ 4,30 h°) | 44,00 €/HL (€ 4,00 h°) | 48,00 €/HL (€ 4,00 h°) | = |
| ROSÉ WINE BIO | 43,00 €/HL (€ 4,30 h°) | 44,00 €/HL (€ 4,00 h°) | 48,00 €/HL (€ 4,00 h°) | = |

| BIO / ORGANIC | RED WINE 11% IC 5 MIN | RED WINE 12% IC 7 MIN | RED WINE 13% IC 8/9 MIN | TREND |
|---------------|-----------------------------|-----------------------------|----------------------------|-------|
| RED WINE BIO | 41,80 €/HL (€ 3,80 h°) | 45,60 €/HL (€ 3,80 h°) | 49,40 €/HL (€ 3,80 h°) | = |

| WHITE WINE BIO/ORGANIC VARIETAL 100% * CROP 2022 | | € Indicatif 12% | TREND |
|---|-----------|-----------------|-------|
| WHITE WINE BIO AIREN | 4,10 €/HL | € 49,20/HL | ↘ |
| WHITE WINE BIO MACABEO | 4,30 €/HL | € 51,60/HL | = |
| WHITE WINE BIO VERDEJO | 5,20 €/HL | € 62,40/HL | ↗ |
| WHITE WINE BIO SAUV. BLANC | 6,00 €/HL | € 72,00/HL | ↗ |
| WHITE WINE BIO CHARDONNAY | 7,00 €/HL | € 84,00/HL | ↗ |
| ROSÉ BIO/ECO VARIETAL 100% * CROP 2022 | | € Indicatif 12% | TREND |
| ROSE BIO GARNACHA | 4,10 €/HL | € 49,20/HL | = |
| RED WINE BIO/ECO VARIETAL 100% * 2022 | | € Indicatif 12% | TREND |
| RED WINE BIO TEMPRANILLO | 3,90 €/HL | € 46,80/HL | ↘ |
| RED WINE BIO SYRAH | 4,50 €/HL | € 54,00/HL | = |
| RED WINE BIO CABERNET S. | 5,00 €/HL | € 60,00/HL | = |
| RED WINE BIO MERLOT | 5,50 €/HL | € 66,00/HL | ↗ |

Concentrate / rectified grape must concentrate 65 Brix – on the base of must prices crop 2022

INDICATIVE PRICE SUBJECT TO CONFIRMATION * PER TANK TRUCK / FLEXITANK EXW Spain. It is very important for this campaign to take into account that the prices offered below may decrease in the coming weeks compared to the prices indicated. In fact, there is great uncertainty about the must stocks and their price development in the coming months. For reasons of market consistency, we are thinking of a price for the MCR of 1.35 - 1.40 €/kg.

| 100% VITISVINIFERA | PRICE KG | PRICE HL | PRICE % PA | TREND |
|---|---------------|-----------------|---------------|-------|
| Rectified grape must concentrate 65 BRIX | EUROS 1,60 | EUROS 212,00 | EUROS 4,05 | ↘ |
| White grape must concentrate 65 BRIX | EUROS 1,50 | EUROS 199,00 | EUROS 3,80 | ↘ |

Preview of the 2023 harvest in Spain ...

Despite the pessimistic initial crop estimates expected due to the severe and prolonged droughts announced before the harvest, we confirm that Spain has harvested a total of 37 million hectolitres (MHL), of which 20 MHL comes from the La Mancha region. To date (September/October/November 2022), rainfall is still insufficient, temperatures are increasingly higher than past averages (like everywhere in Europe). These high temperatures will exhaust, dry out and suffocate the vines which, if left unchecked, would result in a very short 2023 harvest.

| Rainfalls <i>Updated 08/11/22</i> | Rain in Liters in Autum Sept. – October and November | Rain in Liters in Winter December – January and February | Rain in Liters in Spring March – April and May | Rain in Liters in Summer June – July and August | Total Rain in Lts | Total production Mio/HLS Region La Mancha |
|---|---|---|---|--|--------------------------|--|
| 2022/2023 | 34,00 | | | | | ¿ ? |
| 2021/2022 | 142,20 | 107,4 | 20,2 | 24,0 | 293,80 | crop 2022 = 20,00 |
| 2020/2021 | 124,20 | 124,8 | 94,2 | 40,8 | 384,00 | crop 2021 = 21,00 |
| 2019/2020 | 137,40 | 72,60 | 161,80 | 6,8 | 378,60 | crop 2020 = 22,00 |
| 2018/2019 | 128,60 | 26,20 | 78,40 | 6,4 | 239,60 | crop 2019 = 19,00 |
| 2017/2018 | 61,60 | 113,80 | 264,80 | 16,60 | 456,80 | crop 2018 = 29,08 |
| 2016/2017 | 165,00 | 102,80 | 108,40 | 31,00 | 407,20 | crop 2017 = 19,45 |
| 2015/2016 | 87,80 | 56,80 | 174,20 | 2,20 | 321,00 | crop 2016 = 24,42 |
| 2014/2015 | 159,40 | 64,80 | 77,60 | 35,20 | 337,00 | crop 2015 = 22,94 |
| 2013/2014 | 139,60 | 237,40 | 54,80 | 14,40 | 446,20 | crop 2014 = 25,12 |
| 2012/2013 | 299,40 | 129,60 | 256,20 | 11,80 | 697,00 | crop 2013 = 33,03 |
| 2011/2012 | 89,00 | 26,60 | 121,40 | 10,80 | 247,80 | crop 2012 = 19,00 |
| 2010/2011 | 147,60 | 243,20 | 130,60 | 2,40 | 523,80 | crop 2011 = 18,90 |
| 2009/2010 | 42,80 | 391,80 | 98,20 | 49,10 | 581,90 | crop 2010 = 21,60 |
| 2008/2009 | 129,40 | 67,30 | 71,80 | 32,00 | 300,50 | crop 2009 = 20,00 |

Do not hesitate to contact us and let us know your quantities in order to offer you the best conditions on the market.

November 2022