



CIATTI

GLOBAL WINE & GRAPE BROKERS

GLOBAL MARKET UPDATE – OCTOBER 2013 VOLUME 4 ISSUE NO. 10

The bulk market continues to be very active in October. September marked a turn in market activity, as buyers jumped on opportunities in several regions. With prices retreating to levels that many would not have foreseen only a short time ago, the volume of bulk sales increased dramatically during the end of the second quarter.

After producers in the Southern Hemisphere turned out a very productive harvest, we now have reports that European and US producers will follow with a bountiful 2013 crush. California processors are filling tanks, and are looking forward to having product to offer in the coming selling season. French buyers anxiously await the new harvest white wines, as inventories from the previous year have proven very difficult to find. Questions remain as to how big the crops will be in the main three European regions, but all agree that it will be bigger than last year.

The frost in Chile has made headlines over the past several weeks. While we are certain that damage was most certainly done to many fruit crops, including grapes, the actual damage to the overall grape crop remains to be seen. Certain varieties will certainly see a large decrease in volume, while others may have escaped without major damage.

Argentina will see elections at the end of October. Hopes are high that the economy will improve, and that suppliers will receive relief from a very difficult period of economic uncertainty.

The fourth quarter looks promising for the bulk market, as demand remains strong for wines from most regions, and producers now have the product available to make competitive offers on almost all varieties.



CONCENTRATE – OCTOBER 2013

California: Generic White Grape Juice Concentrate

With nearly 70% of the Thompson seedless grapes harvested in California, the crop is looking excellent in terms of size and quality. Vineyards seem to have rebounded from the disappointing yields of 2012. However, farmers are seeing that prices have dropped below a sustainable market price for profitability.

Herein lies a major issue with this crop: How many acres of vines will be ripped out of the ground due to lack of a sustainable long-term return on investment? With the major cost increases of water, labor, regulatory compliance fees and much better profit returns on almonds, pistachios and other nut and fruit crops, California is expecting to lose more Thompson crop acreage in the coming years. Initial estimates are between 10,000 to 15,000 acres will be transitioned out of service.

Current bulk pricing: USD \$10.75- \$12.50 per US Gallon in bulk; FCA/Plant Central Valley.

California: Standard Red Grape Juice Concentrate

The Rubired crop is looking to be average. While only a few test lots have been produced thus far, field-testing has shown that both color and sugar are adequate for expectations at this time of the year. A more detailed report will be available next month, as the next two to three weeks will provide a better look at the 2013 Rubired crop.

It remains too early in the harvest season to provide current pricing quotes. However, expectations are for a modest decrease in pricing, due to sugar and color improvements compared to last year. Currently, almost all Rubired grapes are under long-term contracts, with minimum price guarantees and incentive bonuses for optimum sugar and color content. This is keeping pricing fairly flat.

Argentina

Pricing for excess stock of White Grape Juice Concentrate from Argentina continue to slide. Processors are desperate for cash, as the current inflation rate remains high at more than 25% and the Government refuses to devalue the Argentine Peso. At this rate, concentrate processors are less hopeful that Argentina will be able to sustain a long-term business in the global marketplace. Some concentrate processors will either cease to produce in 2014 or re-organize their debts in order to stay viable.

Current pricing: USD \$8.25- \$9.50 per US Gallon; CIF Port East and West Coast.

Chile

The severe frost that hit Chile last week has put most of the Red Grape Juice Concentrate producers on hold until they are able to determine the extent of the frost damage to the Tintorera grape crop. As temperatures dropped to nearly - 7°C, many producers chose to spray the vines to protect them from the freezing temperatures. However, it is still too soon to assess the damages to the crop.

ARGENTINA – OCTOBER 2013



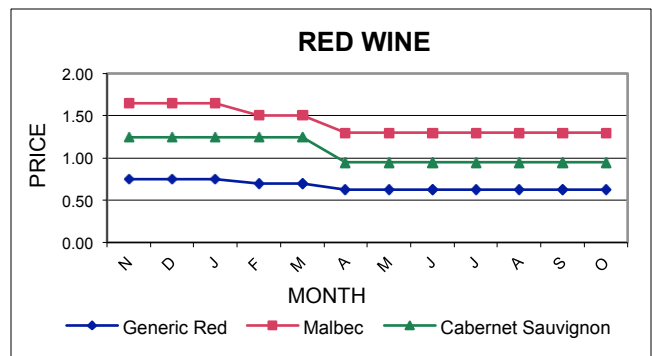
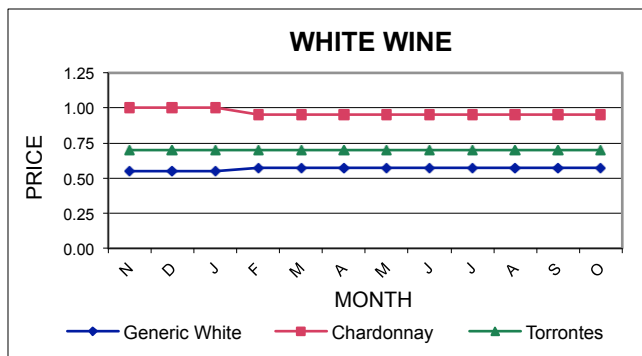
Spring has finally arrived in Argentina. An early frost looks to have only affected Chardonnay grapes and some early red varieties like Sangiovese. The rest of the crop is looking normal for this time of year, but more will be known after mid-November by the end of the frost season. Both the domestic bulk market and bulk export market are slow, and many wineries are facing financial problems due to the lack of business. Prices remain stable as seen over the past several months.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White	0.55 – 0.60	↔	2013	Generic Red	0.60 – 0.65	↔
2013	Generic White (Criolla)	0.50 – 0.55	↔	2013	Cabernet Sauvignon	0.90 – 1.00	↔
2013	Chardonnay	0.90 – 1.00	↔	2013	Malbec	1.20 – 1.40	↔
2013	Torrontes	0.65 – 0.75	↔	2013	Malbec Reserva	1.60 – 1.80	↔
2013	Chenin Blanc	0.65 – 0.75	↔	2013	Syrah / Merlot	0.90 – 1.00	↔
2013	Muscat	0.65 – 0.75	↔	2013	Bonarda / Tempranillo	0.85 – 0.95	↔

BULK PRICING OVER TIME



BITS AND PIECES

Overall, the market remains slow, and there have been no changes in the Argentine government. Everyone awaits the national elections that will take place at the end of October. More news on this will be available in November-December. Hopes are that the industry and Argentine economy will see some positive changes post-elections. Stay tuned!

AUSTRALIA & NEW ZEALAND – OCTOBER 2013

TIME ON
TARGET

Warm weather in September has caused bud burst to commence earlier than normal for many grape-growing regions across Australia. Sections of NSW have recorded their earliest budburst in 40 years. Adelaide received the hottest September on record, as warm temperatures were recorded across the state. Much of the country has received good quantities of winter rainfall, although predictions are for a hot summer.

High temperatures have been seen in Marlborough, currently experiencing the warmest winter on record. Due to this, an early bud burst has occurred arriving approximately 10 days earlier than normal for Chardonnay. Sauvignon Blanc normally follows 2-4 weeks behind Chardonnay. Frosts are a common occurrence during September and many are on alert to ensure they are prepared for any cold breaks in the weather. Viticulturists are eager for a lengthy cool weather with no frosts to delay bud burst and prevent the loss of any buds.

CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.50 – 0.70	↔	NV	Dry Red	0.70 – 0.80	↔
2013	Chardonnay	0.55 – 0.75	↓	2013	Cabernet Sauvignon	0.90 – 1.15	↓
2013	Sauvignon Blanc	0.80 – 0.95	↔	2013	Merlot	0.95 – 1.15	↓
2013	NZ Marlborough SB	NZ 4.50 – 5.50	↔	2013	Shiraz	0.90 – 1.15	↓
2013	Pinot Gris	0.95 – 1.20	↔	2013	Muscat	0.75 – 0.90	↓

BITS AND PIECES – AUSTRALIA

The Riverina grape-growing area has seen a recent increase in the number of grapevines planted; up to 1,700 hectares, a figure close to 10%. Statistics show that over the past 5 years, 19 wine regions have decreased in size, some of these being from the major grape-growing areas of Australia, such as the Murray Valley-Swan Hill area where approximately 12,500 hectares of vines have been removed and the Riverland region, now reduced by 1,700 hectares.

Treasury Wine Estates Chief Executive David Dearie is leaving the corporate giant after the recent dumping of excess inventory in the US. The board made a collective decision that it was the “right time to look for a new CEO” after destroying \$35 million worth of wine, mainly old and aging stock. Non-executive director Warwick Every-Burns will step into the position on a temporary basis while Treasury searches for a suitable replacement.

Australia received an array of accolades at the Decanter World Wine Awards. Australian wines received first place in six different categories, winning more international awards than any other country. Some of the categories included best red blend over £15, best Riesling over £15 and best Chardonnay over £15.

BITS AND PIECES – NEW ZEALAND

The recent America’s Cup has allowed New Zealand to publicize its products, especially their mainstream varietal, Sauvignon Blanc. The US is currently New Zealand’s 2nd largest export wine market, consuming 43.4 million liters of wine per year worth NZD \$284 million. The UK is their #1 market, receiving 47.6 million liters per year.

Source: Marlborough Express

CALIFORNIA – OCTOBER 2013



TIME ON
TARGET

The grape crush continues in all regions of California at a rapid pace. The common theme of 2013 will be the large vineyard yields and ripening of the vines in a compact timeframe. All wineries have struggled to accommodate these grape arrivals. Quality is expected to be outstanding.

Central Valley

Most valley wineries are seeing the end of harvest. Chardonnay, Sauvignon Blanc, Pinot Grigio and generic whites were all in good supply; any and all overages have since been contracted. Varieties that remain are mainly heavy reds, such as Merlot and Cabernet Sauvignon, and are currently being harvested. Zinfandel has seen issues of breakdown and lower sugar levels. There will surely be wine available from this harvest to compliment the remaining 2012 supply.

North Coast

The North Coast harvest has been active from the beginning. Chardonnay and Pinot Noir had outstanding yields and quality. Shortly thereafter, Cabernet Sauvignon, Merlot, and every other variety seemed to follow. Capacity has been maxed and additional outside storage not available, leaving vineyard excesses lacking suitable homes. Zinfandel is, again, the grape seeing the most problems this year.

Central Coast

The grape crush has been slower on the Central Coast, and Chardonnay and Pinot Noir have only just started crush over the last few weeks. Overall, the crop size is abundant. The weather has cooperated to date, though it has remained cool. Deliveries have started in Paso Robles for reds and should continue through the end of the month.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.73 – 0.92	↔	2012	Generic Red	0.99 – 1.32	↔
2012	Chardonnay	1.05 – 1.45	↓	2012	Cabernet Sauvignon	1.45 – 1.98	↓
2012	Pinot Grigio	1.32 – 1.58	↔	2012	Merlot	1.45 – 1.98	↓
2012	Muscat	1.05 – 1.32	↓	2012	Pinot Noir	1.98 – 2.38	↔
2012	White Zinfandel	1.03 – 1.12	↔	2012	Syrah	1.45 – 1.98	↔
2012	Colombard	0.86 – 1.06	↔	2012	Zinfandel	1.32 – 1.98	↓

BITS AND PIECES

Combined domestic and import sales continue to show modest growth, up 3% over the first seven months of 2013. Exports from California are again growing nicely. Imports of bulk wine to the United States continue to decline, given the abundant harvest of 2012, and now of 2013.

California wine inventories reached a record high of 702 million gallons at the end of June 2013, up 15% since June 30, 2009.

(Gomberg-Fredrickson July 2013)

CHILE – OCTOBER 2013

TIME ON
TARGET

Chile experienced temperatures as low as -6°C to -8°C this spring, causing the worst frost seen in years. Between September 20th and 30th there were 8 days with temperatures below 0°C. The main wine regions affected were Casablanca, Cachapoal and Colchagua. Chardonnay is the most affected varietal, followed by Pinot Noir, Tintorera and Sauvignon Blanc. Less affected were Merlot and Cabernet Sauvignon. Many growers are calling the frost a “catastrophe,” while the government has even referred to it as an “agricultural emergency” in the V, VI and VII regions of Chile.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White	0.60 – 0.80	↑	2013	Generic Red	0.55 – 0.65	↑
2013	Chardonnay	0.90 – 1.20	↑	2013	Cabernet Sauvignon (Basic)	0.68 – 0.73	↑
2013	Sauvignon Blanc	0.70 – 0.95	↑	2013	Cabernet Sauvignon (Standard)	0.75 – 0.95	↑
2013	Sauvignon Blanc (High Quality)	1.50 – 1.80	↑	2012	Cabernet Sauvignon (High Quality)	1.50 – 4.00	↔
2013	Pinot Noir	0.93 – 1.50	↑	2013	Merlot	0.80 – 1.00	↑
2013	Syrah	0.75 – 0.88	↑	2013	Malbec	0.95 – 2.00	↔
2013	Carmenere	0.75 – 0.88	↑	2013			

EXPORT FIGURES

Wine export Figures (Bulk, Bottled & Sparkling)	January – August 2012			January – August 2013			Volume
	Million Liters	Million US \$ FOB	Average Price	Million Liters	Million US \$ FOB	Average Price	Variance %
Bottled	283	915.9	3.23	278.1	913.5	3.28	1.71 %
Bulk	147.9	169.5	1.15	298.7	258.5	0.87	101.88 %
Sparkling Wines	1.9	8.03	4.2	1.8	7.7	4.2	6.78 %
Packed Wines	18.1	35.8	1.97	17.8	36.1	2.03	1.88 %
Total	450.9	1129.23	2.50	596.4	1215.8	2.03	

BITS AND PIECES

From January to August 2013, Chile exported 298.7 million liters of bulk wine, already surpassing the end-of-year figures for 2012 that totaled 275.6 million liters. While the total wine exported shows an increase in volume, the average price has decreased from \$2.50/L in 2012 to \$2.03/L in 2013.

The northern area of Chile is suffering its 8th consecutive year of drought with only 6-9% of water reservoir capacity, and now has had to face the frost. Following the frost, many fruit farms closed their doors, as production cannot even cover the farming costs. This has caused a labor loss for an estimated 100,000 people. The vineyard damage is estimated at a 20% loss. Many wine producers have pulled back their offers, expecting an increase in prices, while others remain active on the market.

Estimated losses from the frost are as follows: Nectarines 61%, Kiwis 60%, Plums 60% and Almonds 57%. More accurate estimations to assess the frost damage should be available around November 1st.

FRANCE – OCTOBER 2013

TIME ON
TARGET

France is well into the harvest season, with contrasting reports across wine producing regions. Languedoc is now towards the end of harvest, with only late ripening grapes still on vine. The northern regions of France such as the Loire Valley, Burgundy and Alsace, have only just started picking in early October. According to new estimates provided in early October by the French Government, 2013 crop figures have been lowered to a potential 44.1 million hectoliters. The 2013 crop should still be up 7% over the very low yields seen in 2012, but down 3% over over the last five years.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White (VDF)	0.80 – 0.85	↑	2013	Generic Red (VDF)	0.60 – 0.70	↑
2013	Chardonnay (VDF)	0.85 – 0.90	↔	2013	Cabernet Sauvignon (VDF)	0.65 – 0.70	↔
2013	Chardonnay (IGP OC)	0.90 – 1.10	↔	2013	Cabernet-Sauvignon (IGP OC)	0.68 – 0.75	↔
2013	Sauvignon-Blanc (VDF)	0.80 – 0.90	↔	2013	Merlot (VDF)	0.65 – 0.70	↔
2013	Sauvignon-Blanc (IGP OC)	0.82 – 0.90	↔	2013	Merlot (IGP OC)	0.68 – 0.75	↔
2013	Generic Rosé (VDF)	0.70 – 0.75	↔	2013	Syrah (IGP OC)	0.65 – 0.75	↔
2013	Varietal Rosé (IGP OC)	0.80 – 0.85	↔	2013	Dry Muscat (IGP OC)	0.95 – 1.05	↔

** These prices are estimations based on market prices at the end of the Vintage 2012 campaign

BITS AND PIECES

It seems that Languedoc will again be the key wine producing region this year for both generic and varietal bulk wines. Languedoc should expect to see all buying interest, as other wine regions will have disappointing crop figures. Until the harvest season is complete, uncertainty will remain as to whether prices will be stable verses last year, or on an upward trend. Generic wine pricing will see some pressure again this year.

Harvest Estimates by Region (in thousands of hectoliters)					
Region	5-Year Average	2012	2013	2012 vs. 2013	2013 vs. 5-Year Average
Champagne	2,681	1,976	2,821	+ 43%	+ 5%
Burgundy / Beaujolais	2,307	1,810	2,193	+ 21%	- 5%
Alsace	1,135	1,166	1,037	- 11%	- 9%
Savoie	117	109	119	+ 9%	+ 1%
Jura	91	74	82	+ 10%	- 11%
Loire Valley	2,718	1,983	2,799	+ 41%	+ 3%
Charentes	8,255	7,634	8,777	+ 15%	+ 6%
South West	3,481	3,351	2,977	- 11%	- 14%
Bordeaux	5,717	5,449	4,429	- 19%	- 23%
Languedoc Roussillon	12,753	11,951	13,200	+10%	+ 4%
Corsica	307	306	321	+ 5%	+ 4%
Other South East Vineyards	5,179	4,893	4,601	- 6%	- 11%

Sources: AGRESTE

GERMANY – OCTOBER 2013

TIME ON
TARGET

Germany is currently in the middle of the harvest season, which started approximately 10 days later than normal. Most generic white grapes have been picked, and as expected, the shortage on 2012 vintage white wines last year has caused high juice pricing and brisk trade.

Pricing for vintage 2013 wines is expected to end up around 1.10 €/liter for quality white generic wines and around 0.80 €/liter for white table wine. The Riesling harvest will begin mid-October. Riesling prices are expected to be similar to last year for quality wine, but cheaper than last year for table wine. Similar to last year, red wine pricing is more or less stable.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN EURO PER LITER EX WINERY:

Vintage	Variety	Price	Trend
2012	White Wine	1.05 – 1.15	↔
2012	Pinot Grigio	1.40 – 1.50	↔
2012	Riesling	1.10 – 1.30	↔
2012	Red Wine	0.65 – 0.80	↔
2012	Dornfelder	0.85 – 0.95	↔

BITS AND PIECES

Due to worldwide price increases for many wines in the last year, the distribution of shelf prices in German discount stores has changed from 50% of bottles selling for under 2.00€/bottle to more than 50% selling over the 2.50€/bottle price. The following numbers show the actual price distribution of wines in German discount stores as seen in July 2013 (all prices include 19% VAT).

Price per bottle	%
Above 10.00 Euro	2.4%
5.00 – 9.99 Euro	6.4%
4.00 – 4.99 Euro	7.3%
3.50 – 3.99 Euro	9.5%
3.00 – 3.49 Euro	3.7%
2.50 – 2.99 Euro	25.2%
2.00 – 2.49 Euro	17.6%
1.50 – 1.99 Euro	2.6%
Under 0.99 Euro	6.4%

Source: Weinwirtschaft 20/13

ITALY – OCTOBER 2013



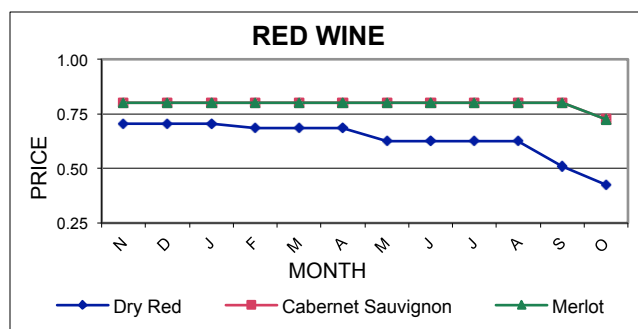
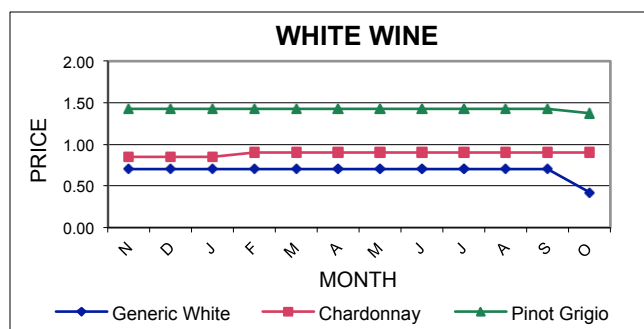
Harvest is in full swing and has already ended for most early varieties. The Italian crop confirms early predictions for a higher production than 2012. The latest forecast from *Coldiretti/AEI* expects 46 million hectoliters, up 11% from 2012. Few regions will produce less than last year, and those that do will be the exceptions (perhaps Tuscany, Umbria and other minorities). Overall, quality is looking good. The past few months of heavy rain has left some vineyards with mildew or lower alcohol levels compared to last year (-1% to -1.5%). The last three weeks of hot temperatures have helped to mature the remaining red varieties and bring color that was otherwise missing.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White	0.40 – 0.45	↓	2013	Generic Red	0.40 – 0.45	↓
2013	Chardonnay	0.85 – 0.95	↔	2013	Cabernet Sauvignon	0.70 – 0.75	↔
2013	Pinot Grigio	1.30 – 1.45	↔	2013	Merlot	0.70 – 0.75	↔

BULK PRICING OVER TIME



BITS AND PIECES

The Italian market was stable before vintage 2013 wines became available, with the exception being generic wines that were starting to see price decreases. Now, with repeated official reports on the harvest and rumors of overproduction, generics are seeing a more significant decrease. It is unknown at what point prices will stop decreasing. Some are curious to see where Spanish prices will be in comparison, and how Italian prices will be able to compete and gain back some of the markets previously lost (Russia, France, Northern and Eastern European countries, etc.).

Some IGP and DOP varieties such as Pinot Grigio, Primitivo, Soave and Prosecco continue to see more demand than is available on the market, and prices are stable or slightly up.

National consumption continues to decrease. However, export figures for the first 6 months of 2013 show an 8.4% increase in value, but a -3.1% decrease in volume. Overall, bulk wine exports within the EU increased (Germany, the UK, Scandinavia).

SOUTH AFRICA – OCTOBER 2013



Spring is in the air! A very wet and cold September resulted in later vineyard growth, while conditions look to be favorable overall. During the winter months, most grape-growing areas experienced record numbers of rainfall. At the moment, the only area seeing damage is the Orange River area that experienced some bad black frost in September. The estimated loss on wine grapes is not yet known. Sales and wine movements continue at the same pace as seen over the last three months.

CURRENT MARKET PRICING

ALL PRICING IN SA RAND PER LITER; FOB, CAPE TOWN:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White	4.35 – 4.50	↔	2013	Generic Red	5.80 – 6.30	↔
2013	Chardonnay	5.55 – 7.25	↔	2013	Cabernet Sauvignon	6.70 – 8.00	↔
2013	Sauvignon Blanc	5.75 – 7.80	↔	2013	Ruby Cabernet	5.85 – 6.30	↔
2013	Generic Rosé	4.65 – 6.00	↔	2013	Merlot	6.70 – 8.00	↔
2013	Cultivar Rosé	5.40 – 6.00	↔	2013	Pinotage	6.60 – 7.50	↔
2013	Chenin Blanc	4.50 – 5.35	↔	2013	Shiraz	6.80 – 8.25	↔
2013	Muscat	4.85 – 5.00	↔	2013	Cinsaut	5.85 – 6.30	↔

BITS AND PIECES

Current Market Situation and Overview:

- A total of 1,097.1 million liters of wine were produced in South Africa in 2012.
 - Of this volume, nearly 510.1 million liters were sold in bulk from producers to wholesalers.
 - Approximately 298.5 million liters were direct sales and exports from producers.
- In 2012, a total of 10.1 million liters of wine were imported to South Africa.
- This year's harvest is only slightly larger than the 2012 harvest.
- Current estimates for 2013:
 - Wine: 932.7 million liters
 - Wine for brandy: 41.7 million liters
 - Grape Juice Concentrate and Grape Juice: 53 million liters
 - Distilling wine: 122.8 million liters
 - Total: 1150.2 million liters
- With the large number of bulk wine exports seen earlier this year, stock levels at this time are looking much lower than previous years.
- It is estimated that stocks are 61 million liters lower this year compared to this time last year.

SPAIN – OCTOBER 2013

TIME ON TARGET

The Spanish harvest is now in full swing, with contrasting reports across production areas. Many regions are still two to three weeks behind schedule. This is causing some concern, especially given the uncertainty of weather forecasts. The total Spanish production is estimated to reach around 42 to 44 million hectoliters, with Castilla la Mancha alone reaching 23 to 25 million hectoliters (up 15% over last year). Quality is expected to be very good across the board, but with slightly lower sugar levels and higher acidity than usual.

CURRENT MARKET PRICING

BULK WINE PRICES: ALL PRICES IN € PER LITER; EXW:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2013	Generic White	0.36 – 0.42	↓	2013	Generic Red	0.36 – 0.45	↓
2013	Generic Rosé	0.36 – 0.45	↓	2013	Cabernet Sauvignon	0.50 – 0.60	↓
2013	Moscatel	0.60 – 0.70	↓	2013	Merlot	0.50 – 0.60	↓
2013	Syrah	0.45 – 0.55	↓	2013	Tempranillo	0.40 – 0.50	↓

BITS AND PIECES

Market activity has remained calm with European buyers only contracting a few truckloads of old wines and fresh must to cover their immediate needs. After the high price peaks seen last year and the positive crop figures announced this year, buyers are in a wait-and-see situation until harvest is complete and market prices are defined.

Spanish growers are claiming fair and sustainable grape buying prices, knowing that pricing will definitely be lower than last year. Meanwhile, processing wineries and negociants are trying to buy at the lowest possible prices in order to offer their clients aggressive wine prices, in an attempt to sell as early as possible and avoid a slow start to the 2013 buying campaign.

Harvest Estimates by Region			
Region	Crop Estimate	Volume 2013 vs. 2012	Remarks
Castilla La Mancha	23-25 MHL	+ 15%	Excellent volume expected, except for Grenache
Extremadura	3.7 MHL	↑	
Valencia	2 MHL	- 30%	13,000 Ha of Bobal grapes affected by Physiological withering
Cataluña	720 Mkgs	+ 20%	320 Mkgs for Cava and 400 Mkgs for still wines
Murcia	100 Mkgs	+ 10%	Good quantity, excellent quality
Navarra	55 Mkgs	- 12%	Fruit set failure focused on Grenache & Merlot production
La Rioja	-	- 20% to - 30%	Huge fruit set failure in this region

BUYER'S CORNER: ASIA – OCTOBER 2013

China is the 5th largest market worldwide, consuming nearly 200 million cases per year. The Asian giant continues to grow as a global wine consumer, with experts predicting wine consumption will grow 5% by 2016. If this is the case, China has the potential to chase the lead as one of the biggest wine consuming countries in the world, and the possibility to overtake the United States and France. Currently, the average Chinese wine drinker consumes 1.4 liters of wine per year. This is in comparison with approximately 12 liters per year in the US and 52 liters in France. Of the total population of 1.3 billion people, there are estimated to be 200-250 million wines consumers, with 300-400 million making up the middle class sector. Many of these consumers look for imported wines, with nearly 50% of all imports coming from France, and 6 million cases are from Bordeaux alone.

Counterfeiting of famous wine labels continues to be an ongoing issue for those exporting their brand to China. While brands can be registered in China, this does not stop many illegal operations where first growth French wines tend to be the primary target.

The wealthy elite who look to purchase blue chips wines are known to acquire these for investment purposes, to display in their home, or to provide as gifts. In a recent study by one of China's top magazines, nearly one third of the 600+ surveyed millionaires were found to have very little to no knowledge of wine. Nearly 37% of these millionaires stated that the purchase of wine was used as a way to impress their business clients and guests, while others highlighted the importance of investing and retaining the wines for value. The purchasing trends of these buyers were largely influenced by brand, vintage and by word-of-mouth, rather than by media recommendations.

Exports to China were impacted last year when government officials were advised to reduce expenses on government-to-government entertaining, especially for those who had purchased high end alcohol items and wine. This cutback had a reasonable impact on many of the premium wines imported. However, interest for lower-end products remained strong.

'Six Nations' Bottled Wine Imports January-June 2013		
	Millions of Euros	% Market Share
TOTAL	535.3	100
1. France	248.5	46.4
2. Australia	93.2	17.4
3. Spain	36.9	6.9
4. Chile	35.3	6.6
5. Italy	32.9	6.2
6. United States	29.3	5.5

'Six Nations' Bottled Wine Imports January-June 2013		
	Millions of Liters	% Market Share
TOTAL	140.6	100
1. France	65.9	46.7
2. Australia	17.8	12.7
3. Spain	15.9	11.3
4. Chile	11.3	8.0
5. Italy	9.8	7.0
6. United States	6.1	4.3

- Overall market growth: 8.2% in value
- Biggest year-on-year rise: Spain 41.1%
- Lowest year-on-year rise: France -11.8%
- Other countries with 1% or more market share: South Africa 1.9%, Argentina 1.7%, Portugal 1.5%, New Zealand 1.4%, Germany 1.4%, Canada 1.0%

- Overall market growth: 20.9% in volume
- Biggest year-on-year rise: Spain 40.3%
- Lowest year-on-year rise: United States -5.2%
- Other countries with 1% or more market share: South Africa 1.8%, Argentina 1.7%, Portugal 1.5%, Germany 1.3%



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