



CIATTI

GLOBAL WINE & GRAPE BROKERS

GLOBAL MARKET UPDATE – MARCH 2013

VOLUME 4 ISSUE NO. 3

The 2013 harvest has begun in the southern hemisphere, and hopes remain high in most markets. South Africa is reporting strong numbers in most regions. However, some areas have seen disease-causing weather events. Overall, the crop should be above average and of good quality. Argentina is looking better than last year, with expectations for a much larger crop than last year's disappointing result. Chilean forecasts are mixed, with weather problems causing for some uncertainty. The Australian harvest is in full swing, and again, no major decreases in volume are expected.

The effects of the large California crop are setting in, as new opportunities are now being presented in the bulk wine market. Prices in some areas are decreasing slightly, and most varietals are now available in the spot market. The grape juice concentrate market remains active, as buyers continue to look across the globe for supply.

The market looks to be in balance for most varieties, as both buyers and sellers seem to be finding enough opportunity to keep the market moving quickly. The ProWein show in Germany will be underway in a matter of weeks, and expectations are for a lot of activity.



CONCENTRATE – MARCH 2013

The South American harvest is now in full swing and both Argentina and Chile are looking to be very promising compared to last year.

Argentina:

Predictions for an average to above average harvest look to be coming true, which is great news after last year's harvest was short by 25%.

Pricing for White Grape Juice Concentrate has dropped from the \$13.00 pre-harvest range and settled into the low to mid \$10.00 range (bulk: Ex Plant). Pressure from many European processors and US import players has kept sales brisk but tempered. Meanwhile, the buying frenzy of last year has waned, due to product availability.

One of the main issues pressing Argentine suppliers is still the very poor economy and double-digit inflation. This has effectively kept many processors from being able to borrow the money needed to obtain must material. It has also kept the processing market limited to those individuals who can find other sources of capital needed to run their facilities.

Chile:

The Chilean harvest also looks to be gearing up much better than last year, based on initial volumes for grapes. Due to a lot of late season humidity, there is concern over a bit of berry rot showing up. However, it is really too soon to see the extent to which concentrate color and quality may be impacted, if at all.

We have started to see a few quotes for White Grape Juice Concentrate coming across the board for the new crop. Quotes have been in the mid \$11.00 to low \$12.00 range (bulk: Ex Plant Chile).

Red 1000 color quotes have also started to come in. We are hearing initially that pricing is in the low to mid \$15.00 range per gallon (bulk: Ex Plant Chile).

CURRENT MARKET PRICING

ALL PRICING IN USD PER US GALLON; FCA WINERY:

RED GRAPE JUICE CONCENTRATE		
Country	Price	Trend
California (1000)	14.00 – 15.00	↑
Spain (1000)	18.00	↑
Chile (600)*	14.00 – 15.00	↑
Chile (1000)*	16.00 – 17.00	↑
Italy (1000)	18.00	↑

* Only very limited volumes are currently available

WHITE GRAPE JUICE CONCENTRATE		
Country	Price	Trend
Argentina	10.50 – 11.00	↑
California	15.00 – 16.00	↑

APPLE JUICE CONCENTRATE		
Country	Price	Trend
China	9.50 – 10.50	↔
US	11.00 – 12.00	↓

ARGENTINA – MARCH 2013

TIME ON TARGET

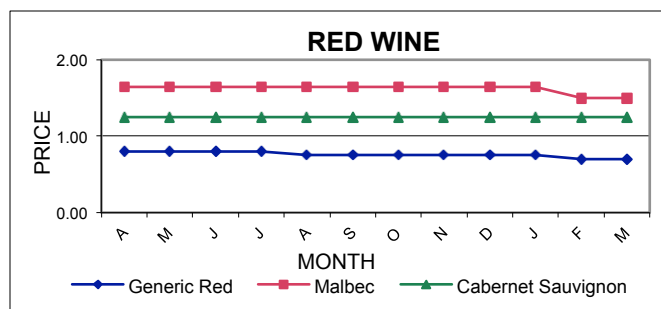
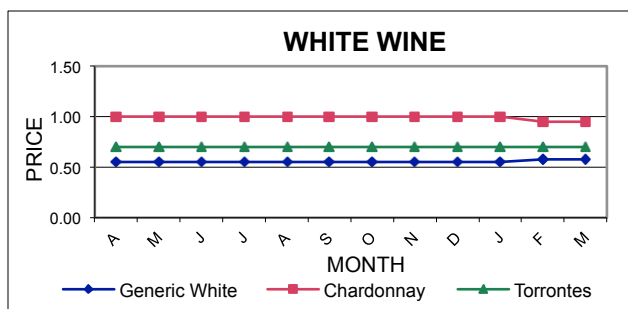
The INV initially forecasted at the end of December that the 2013 crop was 2.8 million tons. However, after hail damage observed during the summer months, the INV has revised the 2013 crop forecast to an estimated 2.66 million tons. In any case, this volume will represent an increase of 22% compared to 2012, and is very close to an average harvest.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.55 – 0.60	↑	2012	Generic Red	0.65 – 0.75	↓
2012	Generic White (Criolla)	0.50 – 0.55	↑	2012	Cabernet Sauvignon	1.20 – 1.30	↔
2012	Chardonnay	0.90 – 1.00	↔	2012	Malbec Entry-Level	1.40 – 1.60	↔
2012	Torrontes	0.65 – 0.75	↔	2012	Malbec Reserva	1.80 – 2.00	↔
2012	Chenin Blanc	0.65 – 0.75	↔	2012	Syrah / Merlot	1.10 – 1.20	↓
2012	Muscat	0.75 – 0.85	↔	2012	Bonarda	0.85 – 0.95	↓

BULK PRICING OVER TIME



BITS AND PIECES

The government has announced that 32% of the total grapes production will have to be processed as sulfited must for the concentrate market. Indications are for a price of ARG\$1.50 per kg, which is equivalent to USD \$300.00 per metric ton for Criolla. This would be a 50% increase, compared to prices seen in 2012.

Meanwhile, growers with varieties such as Cabernet Sauvignon, Syrah, Merlot, Bonarda, Tempranillo and Malbec, are looking for wineries with production facilities. This is due to the fact that many traditional and big local buyers already have wine in stock in their cellars and are, therefore, cutting down on some of their normal purchases. Crush has started for some white varieties such as Chardonnay, Sauvignon Blanc, Chenin Blanc and Viognier. Pedro Gimenez, Torrontes and Criolla are expected to begin crush very soon, as the reds from the Easy Valley and reds from premium areas (Lujan, Maipu and Uco Valley) will follow at the end of March to the beginning of May.

Bulk wine and concentrate exports dropped significantly during the month of January. Meanwhile, bottled wine exports grew 2.5% compared with January 2012, even though the wines under USD\$30.00 per case continue on a downward trend.

AUSTRALIA & NEW ZEALAND – MARCH 2013

TIME ON
TARGET

Vintage is in full swing as regional, cooler climate areas commence harvest. There are mixed reports across all regions on the size of crops; some vineyards are slightly down and others as per average. Barossa Valley is receiving mixed reports, with majority of varieties being below estimate. This has placed pressure on obtaining surplus material of 2012 Barossa Shiraz with parcels selling quickly and prices firming. Steady dry and warm conditions with relatively cool nights have seen excellent conditions for ripening. Quality should be outstanding; however, this has seen a very condensed vintage so far, with many red varieties ripening at a similar rate and earlier than normal years.

CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Dry White	0.60 – 0.80	↔	NV	Dry Red	0.70 – 0.80	↔
2012	Chardonnay	0.75 – 0.90	↓	2012	Cabernet Sauvignon	1.05 – 1.30	↔
2012	Sauvignon Blanc	0.85 – 1.00	↔	2012	Merlot	1.05 – 1.30	↔
2012	NZ Marlborough SB	NZ 5.50 – 6.00	↑	2012	Shiraz	1.05 – 1.20	↔
2012	Pinot Gris	0.95 – 1.20	↔	2012	Muscat	0.85 – 1.00	↓

BITS AND PIECES – AUSTRALIA

The UK remains Australia's number one export destination by volume, receiving 256 million liters. The majority of material shipped to the UK is in bulk, reflecting the desire to bottle in-country. This is followed by USA, up 9% to 194 million liters and Canada, down 4% to 48 million liters. China currently ranks 4th, with 44 million liters and Germany ranks 5th, receiving 38 million liters of Australian wine. These five countries account for 80% of Australian wine exports. As a broad overview, Australian white wine exports have increased by 1% to 276 million liters, while red wines declined 2% to 430 million liters. Sparkling also declined by 9% to 13 million liters.

Exports to China displays an increase in bottled goods over bulk wines as this segment increased by 15% to more than 3.8 million cases and increased in value up to AUD \$6.39 per liter. Meanwhile, bulk wine exports to China decreased by 15% to 8.1 million liters. China now represents one of the largest importers of bottled premium wine for Australia, as higher priced segments (\$7.50-9.99/L and \$10.00/L+) continue to be on the rise.

Source: Wine Australia WEAR Report, December 2012

BITS AND PIECES – NEW ZEALAND

2012 Marlborough Sauvignon Blanc is still in high demand with the majority of 2012 stocks being exhausted. Pricing for 2012 has now hit minimum NZD \$5.50/L.

There is continuing pressure and availability for material ex-2013 harvest. Harvest is still weeks away and wineries are continuing to look for excess fruit on the market. There will be a significant jump in the weighted district average pricing from 2013, and many estimate that it will continue to rise in 2014. Early estimates are varied, but most believe that the crop will be average to slightly below average.

CALIFORNIA – MARCH 2013

TIME ON TARGET

California bulk and grape markets are active. All pre-harvest wine contracts have been approved and buyers are continuing to search and fill needs for future bottling. There is grape activity in many regions of the state. We see less availability of un-contracted grapes than previous seasons. This is due to all the contracting seen over the last few seasons. New vineyard developments continue throughout California.

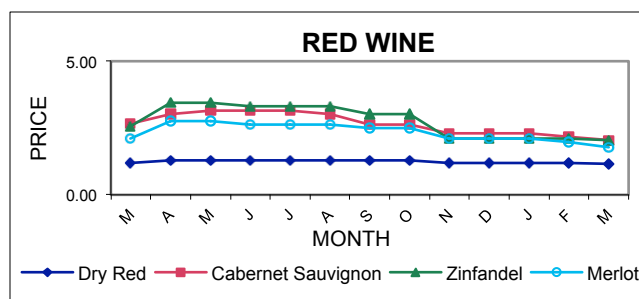
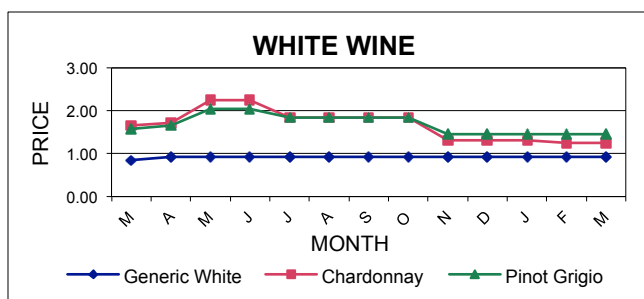
- White wine movements have primarily been for Chardonnay, Sauvignon Blanc and Pinot Grigio. Meanwhile, the movement of floral wines has slowed.
- Inventories of Chardonnay, Zinfandel and Cabernet Sauvignon continue to become available.
- We are currently seeing movements on all 2011 red varietals, from all appellations. There is interest for 2012 reds, with early purchasing around appellation-specific varieties that have been short over the past couple of years.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.80 – 1.05	↔	2012	Generic Red	0.99 – 1.32	↔
2012	Chardonnay	1.05 – 1.45	↓	2012	Cabernet Sauvignon	1.72 – 2.38	↓
2012	Pinot Grigio	1.32 – 1.58	↔	2012	Merlot	1.58 – 1.98	↓
2012	Muscat	1.18 – 1.45	↓	2012	Pinot Noir	2.11 – 2.64	↔
2012	White Zinfandel	1.18 – 1.32	↔	2012	Syrah	1.58 – 1.98	↔
2012	Colombard	0.85 – 1.06	↔	2012	Zinfandel	1.72 – 2.37	↓

BULK PRICING OVER TIME



BITS AND PIECES

Wine volumes sold in the United States totaled 360 million cases and exceeded \$10.2 billion in revenues for 2012. Strong growth in premium wines (priced \$7-\$14 per bottle) grew by 6 million cases.

The US remains the largest and most lucrative wine market in the world. Our demographics and broad consumer base consumes more wine each year. Though ultra-competitive, we see new brands, package options, and stylistic wines continue to be accepted and consumed in the United States. A growing number of traditional sales outlets, Internet and direct-to-consumer sites, and continued removal of archaic distribution laws, have helped sales to increase.

Imports of packaged wines declined (-1%). Meanwhile, bulk imports continue, totaling more than 43 million equivalent cases. Most bulk imports sell in product lines in the value segment of our market.

Exports of bulk California wines decreased by 14% in 2012, mainly due to shortages of available wines and higher valued domestic programs. Packaged case good exports grew by 5%, dominated by Gallo.

CHILE – MARCH 2013

TIME ON
TARGET

Grape prices have maintained fairly stable. The expected volume for the 2013 harvest remains unknown. The number of bunches is similar to that of last year, but due to some rain and volatile weather conditions in December, diseases such as Botrytis and Mildew have affected some areas. Since December, weather patterns have continued to be unpredictable. Purchases for the 2013 harvest are starting to take place now. Spanish buyers have allocated some 2013 wines and continue looking for aggressive prices.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.65 – 0.80	↑	2012	Generic Red	0.58 – 0.80	↔
2012	Chardonnay	0.85 – 1.30	↔	2012	Generic Red (Basic)	0.50 – 0.55	↔
2012	Sauvignon Blanc	0.75 – 1.15	↔	2012	Cabernet Sauvignon	0.70 – 0.90	↔
2012	Sauvignon Blanc (Casablanca)	1.25 – 2.50	↔	2012	Cabernet Sauvignon (Estándar)	0.95 – 1.30	↔
2012	Pinot Noir	1.10 – 1.50	↔	2012	Cabernet Sauvignon (High Quality)	1.80 – 3.00	↔
2012	Syrah	0.90 – 1.15	↔	2012	Merlot	0.85 – 1.30	↔
2012	Carmenere	0.90 – 1.30	↔		Malbec	1.45 – 2.00	↔

EXPORT FIGURES

Wine export Figures (Bulk, Bottled & Sparkling)	January 2012			January 2013			Vol. Var
	MM Lts	M US\$ FOB	Avg Price	MM Lts	M US\$ FOB	Avg Price	%
Bottled	30.2	101.8	3.38	31.7	108.5	3.42	5.0%
Bulk	27.9	35.2	1.26	40.6	41.6	1.02	45.5%
Grape Musts (GJC & Alcohol)	0.7	1.3	1.8	0.6	1.5	2.69	- 24.7%
Sparkling Wines	0.2	0.9	3.95	0.2	0.9	4.15	1.7%
Fruit Wines	0.0	0.2	4.58	0.1	0.4	4.7	60.0%
Packed Wines	2.7	6.0	2.26	3.3	6.7	2.04	23.4%
Total	61.8	145.5	2.36	76.5	159.6	2.09	23.8%

BITS AND PIECES

The export figures for January 2013 show an increase by 45.5% in volume for bulk wine, compared January of last year (40.6 million tons in 2013 versus 27.9 million tons in 2012).

Bottled exports grew by 5%, but wineries predict that it will be a flat year for bottled exports.

FRANCE – MARCH 2013

TIME ON TARGET

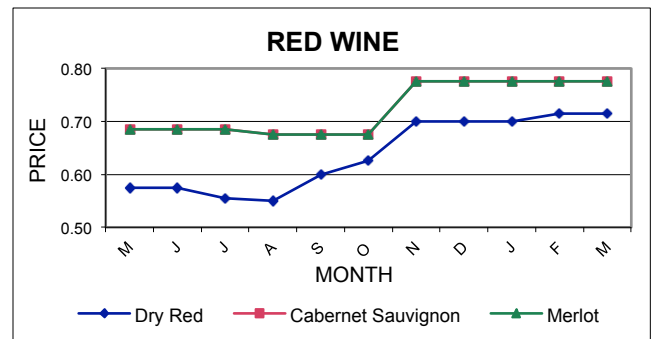
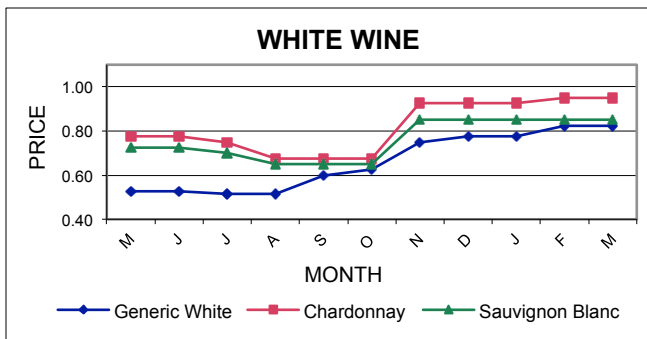
The French market is currently experiencing a seasonal slowdown, with little buying activity. This is expected, after purchase peaks that occurred in December. This will be balanced by the fact that the buying campaign started earlier and faster than last year. Remaining very active are both white and rosé varieties, as supply continues to decrease rapidly and many bottlers and negociants have not yet fulfilled their needs. In most regions (Languedoc, South West, Rhone Valley, Provence), supply for rosé and white wine is becoming very difficult and the last remaining batches are selling at high prices.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.80 – 0.85	↔	2012	Generic Red (VDF)	0.68 – 0.75	↔
2012	Chardonnay (VDF)	0.90 – 1.00	↔	2012	Cabernet Sauvignon (VDF)	0.75 – 0.80	↔
2012	Chardonnay (IGP OC)	0.95 – 1.10	↔	2012	Cabernet-Sauvignon (IGP OC)	0.76 – 0.90	↔
2012	Sauvignon-Blanc (VDF)	0.80 – 0.90	↔	2012	Merlot (VDF)	0.75 – 0.80	↔
2012	Sauvignon-Blanc (IGP OC)	0.85 – 0.95	↔	2012	Merlot (IGP OC)	0.76 – 0.90	↔
2012	Generic Rosé (VDF)	0.70 – 0.75	↔	2012	Syrah (IGP OC)	0.75 – 0.80	↔
2012	Varietal Rosé (IGP OC)	0.76 – 0.88	↔	2012	Dry Muscat (IGP Oc)	0.95 – 1.05	↔

BULK PRICING OVER TIME



BITS AND PIECES

French wines exports in 2012 showed a steady growth in volume (14.98 million hl, up 5% from 2011) and record figures in terms of value (7.83 billion Euros, up 9% from 2011).

- Champagne: 7% in volume and 29% in value
- Sparkling: 4% in volume and 3% in value
- AOP: 38% in volume and 50% in value
- IGPWines: 25% in volume and 10% in value
- Vins de France: 18% in volume and 4% in value

Compared to the average over the last five years, overall exports increased by 8% in volume and by 20% in value. In terms of destination, exports within the EU remained stable in 2012 (+1% in volume), whereas there has been a 13% increase in volume towards third countries.

GERMANY – MARCH 2013



The short supply of generic white wines and the over-supply of Riesling continues. The bulk pricing for both categories continues to be approximately the same. This situation is not very unusual, as it happened several times in the past when there was a large Riesling crop. After a certain period of equal pricing for all white varietals, the usual price difference between generics and Riesling of 0.20 to 0.50 cents will eventually return. The market situation for red wines is more balanced, but on a lower price level.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend
2012	White Wine	1.00 – 1.10	↔
2012	Pinot Grigio	1.40 – 1.50	↔
2012	Riesling	1.10 – 1.30	↓
2012	Red Wine	0.75 – 0.90	↔
2012	Dornfelder	0.85 – 0.95	↔

BITS AND PIECES

German Wine Imports: January 2012 to December 2012

According to the latest import data provided by *WEINIMPORT Aktuell 3/2013*, in December 2012 wine imports reached 1.318 million hl and 215 million Euros. Compared with December 2011, this is a decrease in both volume (-25.3%) and value (-15.6%). The average price in December 2012 was 163 EUR/hl.

During the 12-month period of January to December 2012, wine imports amounted to 14.909 million hl and 2.314 billion Euros. Compared to the same period in 2011, this shows a decrease in import volume (-2.2%) and an increase in import value (+3.2%). The average price for 2012 was 155 EUR/hl.

Import Data:

- Italy showed an increase in value, but a decrease in volume.
- South Africa decreased by both value and volume.

German Wine Imports January 2012 to December 2012	Value 1.0 EUR	Volume (in hl)	EUR/hl	Movement in Value	Movement in Volume
White Wine	595,000	6,054,000	98	+ 20.0%	+ 24.7%
Red Wine	1,166,000	7,073,000	165	+ 0.5%	- 17.1%
White & Red Wine	1,761,000	13,127,000	134	+ 6.3%	- 1.9%
Fortified Wine	24,000	75,000	317	- 4.4%	+ 0.1%
Aromatized Wine	31,000	240,000	129	- 0.9%	- 3.2%
Sparkling Wine (Champagne...)	363,000	719,000	505	- 9.5%	- 9.1%
Other Sparkling Wine	129,000	647,000	199	+ 2.3%	- 6.8%
Total Wine	2,308,000	14,807,000	156	+ 3.0%	- 2.5%
Grape Must, partly fermented	7,000	103,000	64	+ 122.3%	+ 85.7%

ITALY – MARCH 2013

TIME ON TARGET

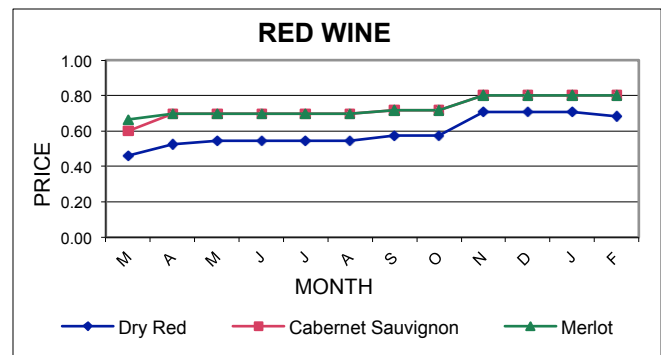
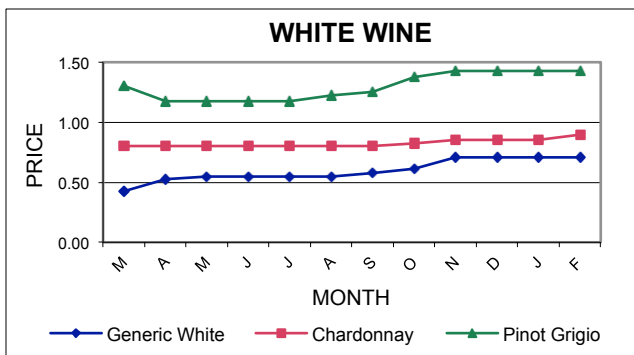
Italian generic wines, rosé and white in particular, continue to be in short supply and very difficult to find. For generic red wine, however, there is still some volume remaining, but most of the best quality generic red wine has already been sold. A price decrease for generic reds has been announced and expected over the last two months, but it has yet to materialize. As we enter into springtime in the coming months, we will have a better picture of the 2013 crop, based upon weather conditions such as hail and rainfall. A larger crop size would push prices down, whereas a smaller crop will cause an increase in prices.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.66 – 0.75	↔	2012	Generic Red	0.64 – 0.73	↔
2012	Chardonnay	0.85 – 0.95	↔	2012	Cabernet Sauvignon	0.75 – 0.85	↔
2012	Pinot Grigio	1.35 – 1.50	↔	2012	Merlot	0.75 – 0.85	↔

BULK PRICING OVER TIME



BITS AND PIECES

Results from the recent elections are only weeks away. At the moment, it seems that Italy will struggle to build a new government and get a majority to vote and adopt new laws.

Economic pressures from the industry can be better understood when we look at the fact that buyers are willing to lower their prices by a few cents per liter in order to see faster payment conditions or payment upfront.

The bulk wine market situation remains stable, with no big changes compared to last month.

Several well-known appellations continue to see an increase in price and volume. This is particularly true for Amarone della Valpolicella and Prosecco, which are two of the best known Italian varietals.

SOUTH AFRICA – MARCH 2013



Harvest is now in full swing in all wine producing regions. The 2013 harvest is about ten days later than last year, but a very good quality crop is expected, due to very good conditions seen thus far. It has been estimated that the 2013 crop will be approximately the same as last year, or down 5% down. Current estimates are for a crop of 1,380,000 tons.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012 / 2013	Generic White	4.35 – 4.50	↔	2012 / 2013	Generic Red	5.80 – 6.30	↔
2012 / 2013	Chardonnay	5.55 – 7.25	↔	2012 / 2013	Cabernet Sauvignon	6.70 – 8.00	↔
2012 / 2013	Sauvignon Blanc	5.95 – 7.80	↔	2012 / 2013	Ruby Cabernet	5.85 – 6.30	↔
2012 / 2013	Generic Rosé	4.65 – 6.00	↔	2012 / 2013	Merlot	6.70 – 8.00	↔
2012 / 2013	Cultivar Rosé	5.40 – 6.00	↔	2012 / 2013	Pinotage	6.60 – 7.50	↔
2012 / 2013	Chenin Blanc	4.60 – 5.10	↔	2012 / 2013	Shiraz	6.80 – 8.25	↔
2012 / 2013	Muscat	4.85 – 5.00	↔	2012 / 2103	Cinsaut	5.85 – 6.30	↔

BITS AND PIECES

Local conditions:

- The expectations for production in Orange River, Olifants River, Paarl and Wellington are all up from initial expectations. Robertson and Breedekloof are expecting the same as previously predicted, but some parts of Robertson area, especially in the lower river areas, has seen crop losses on Colombard and Chenin Blanc due to rot. The bigger area of Robertson is still expecting a good-sized crop. Stellenbosch, Malmesbury and Little Karoo are all down due to winds and rain in the beginning of the harvesting period.
- The growth seen in bottling costs and dry good costs, along with the increase yearly on excise duties for wine, is making it harder for producers to sell wine in the local market.
- A total of 16.8 million liters of wine were imported into South Africa in 2012.
- There were 1,083.5 million liters produced in 2012:
 - 843.8 million liters – Wine
 - 62.4 million liters – Wine for Brandy
 - 39.9 million liters – Grape Juice and Concentrate
 - 137.4 million liters – Distilling Wine

Exports:

- There was a large growth in exports, particularly for bulk wine, seen in the last quarter of 2012. The biggest growth was for dry white and rosé wine, together making up 60 % of the total exported bulk wine.
- There was more than twice the volume of dry white wine exported and two and a half times the volume of rosé exported in the last six months of 2012 verses the first six months.
- The growth in total bulk wine exports has also extended into January and February of 2013. Some wineries have even indicated that they exported four times the volume in January-February, in comparison to the same months in 2012.
- It is expected that this trend will continue when 2013 wines are ready for shipping, and that more wines will be moved in the earlier part of 2013 than ever before in South Africa.
- The biggest markets for South African bottled wine in 2012 were the UK, Sweden, Germany, the Netherlands and the United States. The biggest markets for South African bulk wine in 2012 were: Germany, the UK, Russia, the United States and Canada.

SPAIN – MARCH 2013

TIME ON TARGET

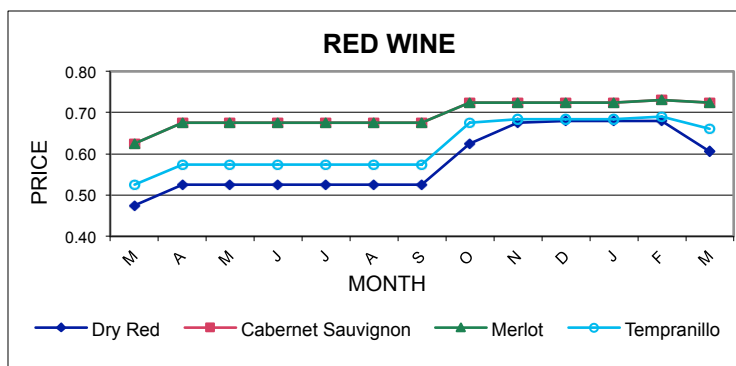
The Spanish market seems to remain in a sluggish position. Overall, generic bulk wine sales are slow as a consequence of the Spanish commercial strategy that was decided at the beginning of the buying campaign. The loading pace has also been impacted by this. The high pricing strategy currently seen in Spain, combined with a reduction in allocated volume to historical buyers (especially France and Germany), has led major buyers to favor new world wine supply.

CURRENT MARKET PRICING

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2012	Generic White	0.62 – 0.66	↓	2012	Generic Red	0.56 – 0.65	↓
2012	Generic Rosé	0.62 – 0.68	↓	2012	Cabernet Sauvignon	0.70 – 0.75	↔
2012	Moscatel	0.78 – 0.82	↓	2012	Merlot	0.70 – 0.75	↔
2012	Syrah	0.65 – 0.70	↔	2012	Tempranillo	0.64 – 0.68	↓

BULK PRICING OVER TIME



BITS AND PIECES

It seems that both Cooperatives and negociants are now revising their pricing strategies in an attempt to regain lost markets. Rumors are circulating throughout Europe about the fact that the Spanish market will collapse mid-term.

Meanwhile, we are seeing that prices tend to be decreasing week after week. We are now seeing big batches of wine being put back on the market around ten cents cheaper than they were in November and December of last year.

As everyone seems to be anxiously awaiting big upcoming wine fairs (ProWein, London International Wine Fair and wine fairs in Asia), hopes are that new orders will re-launch the market.

Buyers coming on to the market to commit on important volumes and are able to ship quickly, could potentially get some interesting prices on dry red and dry white wine.

BUYER'S CORNER: THE UK - MARCH 2013

2012 versus 2011 holiday season wine sales in the UK were as follows:

Australia -1.7%, Italy -1%, France + 0.7%, the United States - 4.5%, Spain +18.2%, South Africa +3.2%, Chile -4%, New Zealand +10.3%, Germany - 10.3% and Argentina +7.2%.

UK wine sales by color:

- Rose (12% of total sales): 15,365,000 cases, down 3% over last year, but up 139% over the last 10 years.
- Red (43% of total sales): 56,000,000 cases, down 2% over last year, but up 6% over the last 10 years.
- White (45% of total sales): 58,350,000 cases, down 4% over last year, but up 7% over the last 10 years.

Bulk wine purchases are increasing in the UK and grew by more than 13% in 2011 to 385 million liters.

What is driving the trend:

- Exchange rates and rising taxes are also the triggers.
- Environmental concern is also one of the reasons why more people are switching to bulk wines.

Spanish wines in the spotlight:

- Wine imports in the UK have set new records, in terms of value and volume in 2011, representing sales of £2.9 billion and 1.3 billion liters of wine. This is an increase of 40% by volume, putting Spain in 4th place, ahead of Chile and South Africa.
- The average price is under 5£ per bottle.
- Successful areas include Rioja, Rias Baixas, Penedes and Navarra.

New Zealand wines are still very successful:

- Demand remains high for Marlborough Sauvignon Blanc.
- There is high interest for Central Otago and Marlborough Pinot Noir, followed by grapes like Chardonnay and Pinot Gris.

Californian wines continue on a positive trend:

- Entry-level and premium Californian wines are selling well in the UK.
- There is a gap to fill for mid range wines. However, mid-range California wines face fierce competition from South American and Australian wines.
- The best-selling wines remain White Zinfandel, Pinot Noir, Napa Cabernet Sauvignon and Chardonnay, with new interest in Zinfandel and Moscato.

WINE SALES

UK Wine Imports by Country of Origin

	Volume (1000s of cases)	% Change Year-on-Year	% Change Last 10 Years
Australian	25,495	- 8%	+ 9%
Italian	19,529	+ 10%	+ 69%
French	19,100	- 2%	- 34%
USA	16,055	- 3%	+ 59%
Spanish	12,170	+ 9%	+ 78%
Chilean	11,709	- 5%	+ 83%
South African	9,564	- 17%	+ 1%
German	4,800	- 15%	- 52%
New Zealand	4,787	+ 4%	+ 283%
Argentinian	2,100	- 3%	+ 62%

Consumption: UK Wine Sales 2006-2011

	Wine Sales (in 1,000 of cases)	% Change
2006	113,242	---
2007	135,723	+ 29%
2008	134,765	- 19%
2009	136,660	+ 19%
2010	133,952	- 29%
2011	129,615	- 39%

Alcohol Consumption looks to be dropping in recent years. While average weekly consumption in 2004 was 9.5 liters per person, in 2010 this number dropped to 8.4 liters per person.



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