



GLOBAL MARKET UPDATE – FEBRUARY 2015

VOLUME 6 ISSUE NO. 2

The California grape crush report for 2014 was released on February 10th, and results were generally in line with expectations. The crop was down in volume from the record 2013 harvest, with reds retreating more than white varieties. Export sales are driven by the grapes coming from the San Joaquin Valley, and intake numbers were down for almost all varieties across the board in that region. We don't expect a big change in market pricing due to the release of the crop report, as most producers had already estimated that the wine grape crop would be very close to the 3.9 million ton number that was reported yesterday.

The French bulk market remains very strong, with prices trending in an upward direction on most varietals. The small crop in Southern France has caused many buyers to move quickly, and supply does not seem capable of meeting current demand. We have seen a lot of action in the Italian market, with Pinot Grigio and Prosecco wines now at the top of many buyers list of needs. Spanish producers are also reporting low inventory of 2014 wines and prices have remained stable.

Harvest has begun in the Southern Hemisphere. Argentine suppliers continue to face very tough economic headwinds. Despite those issues, Good harvest conditions give hope for exceptional quality in 2015, and producers continue to have good product to market. The weather has been slightly less cooperative in Australia, with reports of mildew being made in some parts of the country. Producers are hopeful that the relative weakening of the Australian dollar against the US dollar will result in a boost in export sales. The harvest is not yet underway in Chile, but expectations are for a crop that will be larger than that of last year.

The bulk market remains steady, with good opportunities for buyers in many markets. Suppliers and buyers alike are getting ready for what should be a very eventful ProWein in March.



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ARGENTINA

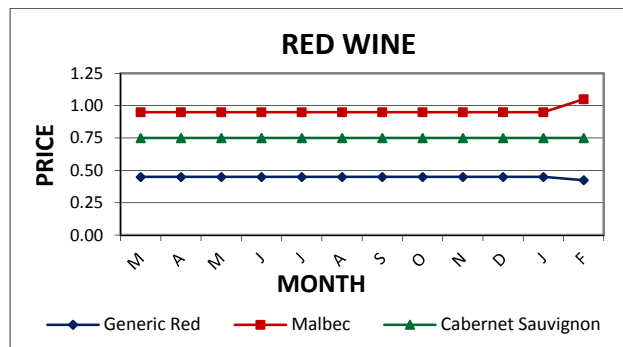
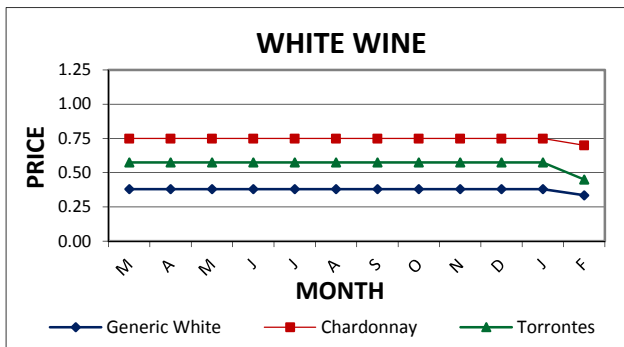
TIME ON TARGET

The 2015 harvest in Argentina has begun. White grapes are starting to come in, and in very good condition thus far. With no big hail problems and normal rain, weather conditions have been much better than seen in 2014 and good quality is expected. There are good opportunities to buy white wines, cheap grape juice concentrate and red wines and varietals, which are all in balance with standard pricing.

MARKET PRICING

ALL PRICING IN USD PER LITER; FCA WINERY:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-------------------------|-------------|-------|---------|--------------------|-------------|-------|
| 2014 | Generic White | 0.32 – 0.35 | ↓ | 2014 | Generic Red | 0.40 – 0.45 | ↓ |
| 2014 | Generic White (Criolla) | 0.30 – 0.32 | ↓ | 2014 | Cabernet Sauvignon | 0.70 – 0.80 | ↓ |
| 2014 | Chardonnay | 0.65 – 0.75 | ↓ | 2014 | Malbec Entry-Level | 0.80 – 0.90 | ↓ |
| 2014 | Torrontes | 0.40 – 0.50 | ↓ | 2014 | Malbec Mid-Level | 0.90 – 1.20 | ↓ |
| 2014 | Sauvignon Blanc | 0.55 – 0.65 | ↓ | 2014 | Malbec Premium | 1.20 + | ↓ |
| 2014 | Muscat | 0.35 – 0.45 | ↓ | 2014 | Syrah / Merlot | 0.60 – 0.70 | ↓ |
| 2014 | Bonarda | 0.50 – 0.70 | ↓ | 2014 | Tempranillo | 0.60 – 0.70 | ↓ |



BITS & PIECES

Economic market conditions are more difficult than seen over the last ten years. Huge stocks of cheap white wine remains. Both export and domestic sales are down. There is no money to finance the harvest, as inflation continues to increase costs. The exchange rate is not helping exporters to be competitive on the international market. The government is lost and running out of money; government efforts to do something about the economic situation are not working or are not enough to find a solution .

AUSTRALIA & NEW ZEALAND

TIME ON TARGET

The 2015 vintage has officially commenced, with producers picking various whites for sparkling base and table wines. Weather conditions have been somewhat erratic in Australia during the past month. Typical hot temperatures have been followed by periods of wet and humid weather, causing concerns for Powdery and Downy Mildew. Australia has also seen some very cool conditions with very cool nights, so the potential quality is looking very good, with very strong flavors and good color expected.

There are still continued concerns about the upcoming vintage with the current lack of water and drought in New Zealand. The 2015 vintage is expected to be down from the 2014 harvest; to what levels, it is a bit early to determine, given the lack of water and potential water restrictions that could be forced upon growers. There are still good stock levels of 2014 Sauvignon Blanc. Quality is still in two distinct levels, pre and post rain event, with little price softening to make way for the upcoming vintage.

CURRENT MARKET PRICING

ALL PRICING IN AUD PER LITER:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-------------------|----------------|-------|---------|--------------------|-------------|-------|
| NV | Dry White | 0.45 – 0.65 | ↓ | NV | Dry Red | 0.60 – 0.75 | ↓ |
| 2014 | Chardonnay | 0.60 – 0.75 | ↔ | 2014 | Cabernet Sauvignon | 0.75 – 1.05 | ↓ |
| 2014 | Sauvignon Blanc | 0.70 – 0.90 | ↓ | 2014 | Merlot | 0.70 – 0.90 | ↓ |
| 2014 | NZ Marlborough SB | NZ 2.70 – 3.50 | ↓ | 2014 | Shiraz | 0.75 – 1.00 | ↔ |
| 2014 | Pinot Gris | 1.05 – 1.30 | ↔ | 2014 | Muscat | 0.65 – 0.80 | ↓ |

BITS & PIECES - AUSTRALIA

The Adelaide Hills region battled a huge bushfire, which burned 12,500 hectares of land and destroyed 38 homes. Grape growers from the area now have growing concerns for smoke taint in their upcoming wines. This will be monitored closely by all growers and wineries.

The AUS dollar continues to fall against the US dollar, becoming more favorable for exporting. September 2014 was around 0.93 and now down to 0.77. The volume of Australian exports has increased 1.9% in the past 12 months, the first increase since 2007. Exports currently stand at 700 million liters. The value of this wine has also increased by 1.9% to AUD \$1.82 billion, with an average value of \$2.60/L. This figure is split into a bottled average value at \$4.85/L (up 7%) and bulk at \$0.99/L (down 2%.) Bulk wine exports accounted for a total of 402 million liters; 58% of the material moved offshore with average pricing of white bulk at \$0.85/L (down 3%) and red bulk at \$1.13/L (down 2%).

The landmark free trade agreement between Australia and Japan entered into force on January 15, 2015. When fully implemented, 97%+ of Australian exports will receive preferential or duty-free access to Japan.

Source: Australian Grape & Wine Authority: WEAR Report December 2014

BITS & PIECES – NEW ZEALAND

The US is predicted to become the largest market in volume and value for New Zealand wines by the end of this year, according to Philip Gregan, CEO of *New Zealand Winegrowers*. Speaking to the drinks business in London, Gregan said that the US market for wines from New Zealand, particularly Sauvignon Blanc, was outgrowing the country's current two largest export countries, the UK and Australia. "The biggest growth is from the US... the US is going to become number one, and it will probably be number one by volume and value by the end of this year," he stated.

CALIFORNIA

TIME ON TARGET

After an extremely wet December, the majority of California wine regions received zero precipitation for the entire month of January. The dry and warmer temperatures have growers fearing early bud break and future frost potential. A lighter 2015 harvest in many areas of California might not be unwelcomed.

There has been solid bulk wine activity so far this year. Most of the buying has been centered on Cabernet Sauvignon and other heavy reds. Additionally, there has been movement on Chardonnay, Sauvignon Blanc and Pinot Grigio. Most of these sales were for appellation designated varietals from the coastal regions of California. Continued growth of premium wines above \$10 per bottle is a major factor for these sales. California is lacking in large winery buying of both older vintage wines and mostly all Central Valley offerings. This reflects the slowdown of most large format value wines and the overall industry surpluses from the bountiful harvests the past few years.

Grape sales have yet to gain momentum, as buyers assess needs and follow the weather patterns.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|-----------|-----------------|-------------|-------|-----------|--------------------|-------------|-------|
| 2014 | Generic White | 0.60 – 0.80 | ↔ | 2014 | Generic Red | 0.80 – 1.05 | ↓ |
| 2013/2014 | Chardonnay | 0.92 – 1.18 | ↓ | 2013/2014 | Cabernet Sauvignon | 1.32 – 2.11 | ↔ |
| 2014 | Pinot Grigio | 1.38 – 1.85 | ↔ | 2014 | Merlot | 1.05 – 1.45 | ↓ |
| 2014 | Muscat | 0.92 – 1.32 | ↓ | 2014 | Pinot Noir | 1.72 – 2.25 | ↔ |
| 2014 | White Zinfandel | 0.85 – 0.99 | ↔ | 2014 | Syrah | 1.18 – 1.45 | ↔ |
| 2014 | Colombard | 0.73 – 0.99 | ↔ | 2013/2014 | Zinfandel | 1.18 – 1.85 | ↓ |

BITS & PIECES

Premium wine sales are strong, while value wine sales are weak. The net result is a US market that continues to show little growth (+1%). Sparkling wine continues to grow for both domestic and import brands. Sangrias and non-traditional style wine products are also faring well. Export sales of US case goods have grown (+3%) through November, but bulk exports have decreased (-4%) during the same period. Currency change and the West Coast port slowdowns have not helped.

The entire North American Ciatti team, plus one Frenchman, were out in full-force for this year's Unified Wine and Grape Symposium in Sacramento. The mood of the show was upbeat, and the Ciatti booth had excellent activity. The Ciatti "Mix and Mingle" party was a huge success and enjoyed by all. A big thank you to everyone for sharing the time and mixing with all of our industry friends.

CHILE

TIME ON TARGET

Chilean Export figures for the year 2014 have just been released, with a total of 317 million liters of bulk wine exported. Export volumes were higher than expected, largely driven by branded wineries that are growing their bulk wine exports and bottling at destination under their own brand. The year 2015 started with high demand from the domestic market, as well as the international market, with Chinese buyers showing interest. Expectations were that Chile would be swimming in wine and prices would drop. However, this is not the case; there are still some, but not many, volumes of good quality wines available at good prices.

The weather has been very good, with high temperatures in Valle Central. Northern Chile, the region of Pisco, continues to experience a drought and serious irrigation problems, which will affect the 2015 volume. The harvest should start in this region around mid-February. Valle Central should start by the end of February and the 2015 harvest looks to be bigger than last year, but probably not as big as previously expected. Official grape prices have not yet been released, but expectations are for similar pricing compared to last year for white grapes, Merlot and Cabernet Sauvignon, but cheaper for Tintorera (high-color grapes), Syrah and Carmenere. The Chilean Peso continues to weaken against the US Dollar, helping Chilean exports.

CURRENT MARKET PRICING

ALL PRICING IN USD PER LITER; FOB PORT:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|-----------|----------------------------|-------------|-------|-----------|-----------------------------------|-------------|-------|
| NV | Generic White | 0.57 – 0.73 | ↓ | NV | Generic Red | 0.39 – 0.49 | ↓ |
| 2014/2015 | Chardonnay | 0.90 – 1.15 | ↔ | 2014/2015 | Cabernet Sauvignon (Basic) | 0.50 – 0.53 | ↔ |
| 2014/2015 | Chardonnay (Varietal Plus) | 1.15 – 1.40 | ↔ | 2014/2015 | Cabernet Sauvignon (Standard) | 0.55 – 0.63 | ↔ |
| 2014/2015 | Sauvignon Blanc | 0.78 – 1.15 | ↔ | 2014/2015 | Cabernet Sauvignon (High Quality) | 1.50 – 4.00 | ↔ |
| 2014/2015 | Pinot Noir | 0.90 – 1.15 | ↔ | 2014/2015 | Merlot | 0.55 – 0.63 | ↔ |
| 2014/2015 | Syrah | 0.50 – 0.58 | ↓ | 2014/2015 | Malbec | 0.60 – 0.75 | ↔ |
| 2014/2015 | Carmenere | 0.50 – 0.60 | ↔ | 2014/2015 | Malbec (Varietal Plus) | 0.75 – 0.95 | ↔ |

EXPORT FIGURES

| Wine export Figures (Bulk, Bottled & Sparkling) | January – December 2013 | | | January – December 2014 | | | Volume |
|--|-------------------------|------------------|---------------|-------------------------|------------------|---------------|---------------|
| | Million Liters | Million US\$ FOB | Average Price | Million Liters | Million US\$ FOB | Average Price | Variance% |
| Bottled | 435.75 | 1,447.03 | 3.32 | 451.85 | 1,515.58 | 3.35 | 3.69 |
| Bulk | 411.88 | 359.15 | 0.87 | 317.28 | 256.60 | 0.81 | - 22.97 |
| Sparkling Wines | 3.49 | 14.58 | 4.18 | 4.09 | 17.26 | 4.22 | 17.36 |
| Packed Wines | 26.52 | 52.87 | 1.99 | 26.67 | 50.41 | 1.89 | 0.56 |
| Total | 877.64 | 1,873.63 | 2.59 | 799.89 | 1,839.86 | 2.57 | - 8.86 |

- Bottled wines ended the year up 3.7% in volume compared to 2013, with 452 million liters exported.
- Bulk wine exports were down 23% in volume with 317 million liters exported, versus the 412 million liters exported in 2013.
- A total of 800 million liters were exported in 2014, down 8.9% compared to the previous year.

FRANCE

TIME ON TARGET

Moderate but regular rainfalls, combined with average temperatures are allowing for good growing conditions in the vineyards thus far. However, most growers argue that 2015 shouldn't be a large harvest, due to the summer hailstorms that could affect the vines for at least two years, combined with the heavy autumn rains that caused vineyard damage. A significant number of vineyards have also suffered from ESCA diseases. There is no sign of a potential big 20215 crop to soften long-term pricing trends.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|--------------------------|-------------|-------|---------|-----------------------------|-------------|-------|
| 2014 | Generic White (VDF) | 0.95 – 1.00 | ↑ | 2014 | Generic Red (VDF) | 0.80 – 0.85 | ↑ |
| 2014 | Chardonnay (VDF) | 1.25 – 1.30 | ↑ | 2014 | Cabernet Sauvignon (VDF) | 0.85 – 0.90 | ↑ |
| 2014 | Chardonnay (IGP OC) | 1.35 – 1.40 | ↑ | 2014 | Cabernet Sauvignon (IGP OC) | 0.95 – 1.00 | ↑ |
| 2014 | Sauvignon Blanc (VDF) | 1.00 – 1.05 | ↑ | 2014 | Merlot (VDF) | 0.85 – 0.90 | ↑ |
| 2014 | Sauvignon Blanc (IGP OC) | 1.05 – 1.15 | ↑ | 2014 | Merlot (IGP OC) | 0.95 – 1.00 | ↑ |
| 2014 | Generic Rosé (VDF) | 0.85 – 0.90 | ↑ | 2014 | Syrah (IGP OC) | 0.95 – 1.00 | ↑ |
| 2014 | Varietal Rosé (IGP OC) | 0.92 – 0.95 | ↑ | 2014 | Dry Muscat (IGP OC) | 0.95 – 1.00 | ↑ |

BITS & PIECES

The French market remains under pressure after the small 2014 crop in Southern France, varying upon the supplying regions. On the first hand market, most big batches of varietal wines from cooperatives or big private wineries are now contracted and in the hands of bulk negociants. Local brokers are trying to source as much volume as possible from smaller wineries in order to meet demand. It is not nearly impossible to source big batches of Chardonnay, generic white, Merlot, Cabernet Sauvignon and Syrah on the first hand market. Consequently, pricing continues on an upward trend. Loadings are moving at a high pace and there are no signs of a market slow down.

IGP Pays d'Oc wine sales are already up 19.3% year-to-date from last year (+ 561,942 hectoliters), as registered by the syndicate. On average, market price increases verses 2013 is as follows:

- Red wines : + 11,73 € at 88.73 €/hl
- Rosé wines : + 13,81 € at 89.96 €/hl
- White Wines : + 14,81 € at 104.67 €/hl

For the first time since the IGP Pays D'Oc appellation was created, grape varietals are sold at higher prices than rosé and red (Syrah, Grenache) wines. In other regions, such as Cotes du Rhone and Bordeaux, volumes remain available at a stabilized market price.

GERMANY

TIME ON TARGET

This year being the exception, the German bulk wine market is in balance. All categories of wine and all grape varieties are in sufficient supply. Due to a downward pressure on Riesling, it is now being quoted at least 0.20 EUR/L below pricing seen last year. Dornfelder is the only varietal that has seen a slight increase in price compared to last year. The first few weeks in January were very mild, and not what most would consider a true winter in Germany. More recently, however, there have been typical periods of snow and frost. This is beneficial to growers, as it will help to reduce the pest infestation and the number of *Drosophila Suzukii* for the upcoming harvest season.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|--------------|-------------|-------|---------|------------|-------------|-------|
| 2014 | White Wine | 0.90 – 1.10 | ↔ | 2014 | Red Wine | 0.65 – 0.80 | ↔ |
| 2014 | Pinot Grigio | 1.40 – 1.50 | ↔ | 2014 | Dornfelder | 1.10 | ↔ |
| 2014 | Riesling | 1.00 – 1.40 | ↔ | 2014 | Pinot Noir | 1.00 | ↔ |

BITS & PIECES

Organic Wine Imports into Germany

Coming in after Millesime Bio of Montpellier and before Biofach in Germany, Germany is the largest importer of organic wines from around the world:

- The highest volume of organic wine imported into Germany comes from Spain, which exports almost all of their total organic wine produced. 64% of the organic wine exported from Spain (594,000 hectoliters) ends up on the German market.
- The second largest supplier of organic wine is Italy, which exports 55% of its organic wine to Germany (220,000 hectoliters).
- France exports 455,000 hectoliters in total, of which 37% is for the German market (168,000 hectoliters).
- Only 4% of the total food and beverage market in Germany is organic. Germany and the United States share this statistic. The United States, however, is seeing the highest growth in the organic food and beverage segment, followed by Germany and Denmark.

WEINWIRTSCHAFT 2/2015, Biowein: Handel

ITALY

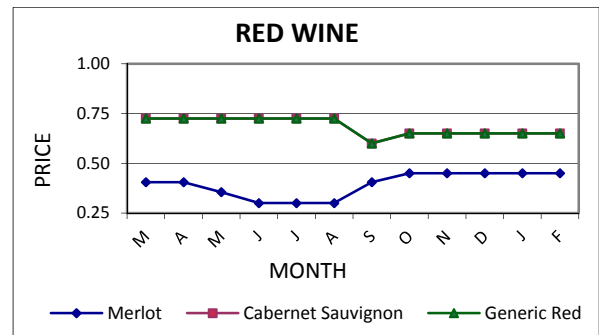
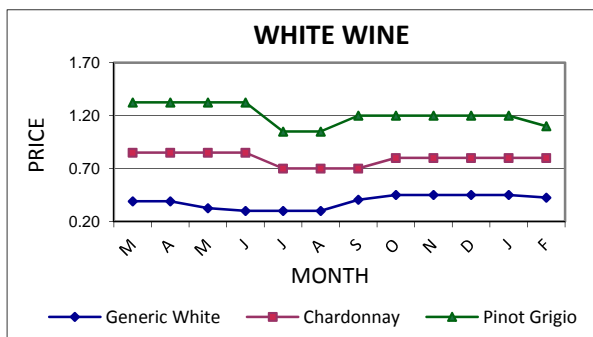
TIME ON TARGET

Weather conditions in Italy have been unusual, with almost no winter weather in most grape-growing regions. The red wine category remains stable, including DOC and DOCG wines. White base wines are seeing a lack of demand, due to competition from Spain. The Prosecco market is seeing high demand, with recent pricing near 2.20 EUR/L. This is mainly due to interest from the UK and the US, struggling to secure volumes from most Italian suppliers.

MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|---------------|-------------|-------|---------|--------------------|-------------|-------|
| 2014 | Generic White | 0.40 – 0.45 | ↓ | 2014 | Generic Red | 0.45 – 0.50 | ↔ |
| 2014 | Chardonnay | 0.75 – 0.85 | ↔ | 2014 | Cabernet Sauvignon | 0.60 – 0.70 | ↔ |
| 2014 | Pinot Grigio | 1.05 – 1.15 | ↑ | 2014 | Merlot | 0.60 – 0.70 | ↔ |



BITS & PIECES

Pinot Grigio pricing has gone down slightly over the last two weeks. Good commercial qualities were starting around 1.05 EUR/L fully treated. However, the lack of Prosecco may have a collateral effect on Pinot Grigio, as the Consortium is considering the possible addition of 15% Pinot Grigio in Prosecco wine in order to balance the low stock. The latest Prosecco forecast shows a need/gap of 500,000 hectoliters needed to fulfill requests until the next crop. Even this would only add 250,000 hectoliters on the market. Therefore, Pinot Grigio could see a potential increase of 0.10 EUR/L or more. However, as we publish this report, a decision has not yet been made and it remains to be seen what the outcome will be.

European exporters hope that the evolution of the Euro currency against the USD will help to gain new markets in 2015.

The season of trade shows is soon to start. After Prodexpo in Russia, comes ProWein and Vinitaly in March.

SOUTH AFRICA

TIME ON TARGET

Harvest is in full swing in South Africa in all wine growing areas and is about 10 to 14 days earlier than usual. Some areas have recorded the earliest harvest in history. Usually an early harvest means a lower-yield crop, but currently the total 2015 crop-size is looking on-average with crops over the last three years.

CURRENT MARKET PRICING

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

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-----------------|-------------|-------|---------|--------------------|-------------|-------|
| 2014 | Generic White | 4.65 – 5.00 | ↔ | 2014 | Generic Red | 5.70 – 6.30 | ↔ |
| 2014 | Chenin Blanc | 4.85 – 5.20 | ↔ | 2014 | Cabernet Sauvignon | 6.80 – 8.00 | ↔ |
| 2014 | Sauvignon Blanc | 6.20 – 7.80 | ↔ | 2014 | Ruby Cabernet | 6.00 – 6.30 | ↔ |
| 2014 | Chardonnay | 6.00 – 7.25 | ↔ | 2014 | Merlot | 6.80 – 8.00 | ↔ |
| 2014 | Muscat | 5.00 – 5.70 | ↔ | 2014 | Pinotage | 6.35 – 7.50 | ↔ |
| 2014 | Generic Rosé | 4.85 – 6.00 | ↔ | 2014 | Shiraz | 6.80 – 8.25 | ↔ |
| 2014 | Cultivar Rosé | 5.85 – 6.60 | ↔ | 2014 | Cinsaut | 5.90 – 6.30 | ↔ |

BITS & PIECES

Harvest, Stock Levels and the Domestic Market

- The current prediction on the size of the 2015 crop is at 1,490,000 tons or 11,552,000 hectoliters. This is slightly lower than the large 2014 crop and on average for the last four years.
- Wineries had more carry-over stock on 1 January 2015, due to a combined large 2014 South Africa crop and less bulk exports due to the larger Spanish and Italian crops. Of this stock, 55% is white wines and 45% red wines.
- Quality white wines are still in demand across most varietals.
- Domestic sales show a steady growth over the last three years with +/- 5% volume growth per year.
- Domestic sales volumes in the year 2014 can be split as: wholesalers 55%, private cellars 15% and producer cellars 30%.

The International Market and Trends:

- Compared to 2013, total exports for the 2014 calendar year were down by 29%.
- Of this, whites were down 26%, reds down 24% and rosé down 49%, with rosé being mostly contracts to France in 2013, lost to Spanish supply in 2014.
- Five countries constitute 80% of South Africa's 2014 bulk exports: UK 28%, Germany 26%, Russia 11%, France 10% and Denmark 5%. In comparison, these five countries represented 67% in 2013, with USA at 7% in 2013 and only 1% in 2014, due to "opportunity" deals not renewed in 2014.

SPAIN

TIME ON TARGET

After a traditional slowdown in January, the Spanish market has remained active, with international buyers preparing for spring by finalizing mid-term purchases as needed. Overall, market pricing remains stable for most wine categories, but good opportunities are becoming more and more frequent, especially for white wines. International varietal wines such as Merlot, Chardonnay and Sauvignon Blanc are becoming hard to find in large quantities, due to the significant demand from the rest of Europe.

CURRENT MARKET PRICING

ALL PRICING IN EUR PER LITER; EX-WINERY:

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|---------------|-------------|-------|---------|--------------------|-------------|-------|
| 2014 | Generic White | 0.30 – 0.35 | ↑ | 2014 | Generic Red | 0.32 – 0.36 | ↑ |
| 2014 | Generic Rosé | 0.30 – 0.35 | ↑ | 2014 | Cabernet Sauvignon | 0.45 – 0.50 | ↑ |
| 2014 | Moscatel | 0.60 – 0.65 | ↑ | 2014 | Merlot | 0.45 – 0.50 | ↑ |
| 2014 | Syrah | 0.42 – 0.50 | ↑ | 2014 | Tempranillo | 0.35 – 0.40 | ↑ |

BITS & PIECES

According to the Castilla la Mancha Cooperatives Syndicate, between 40-50% of the bulk wine produced in 2014 was already committed or sold by the end of January (8-8.5 million hectoliters). Of the 22.7 million hectoliters of wine and grape juice produced in the Castilla la Mancha region in 2014, around 80% was sold in bulk, mostly on the international markets (Italy, France and Germany remaining the biggest buyers).

In the Valencia Region (Utiel-Requena), the market remains active, with many bulk sales recently registered. However, this might not be the case for long. In fact, available bulk wine inventory is believed to be less than 10%. Producers are not worried about this, but are worried about the disastrously small 2014 crop, combined with low market pricing. Combined, these factors barely are able to cover production costs, putting every farm in danger financially.

Now only two months before bud break, the minimal winter rainfalls certainly have not helped to rebuild underneath water reserves. The Valencian 2015 crop could be jeopardized, affecting high proof red wines and Muscat markets by the end of 2015.

BUYER'S PAGE - THE UNITED KINGDOM

- About 99 million 75cl glass bottles are now filled with bulk imported wine each year in the UK, an increase of 79 million glass bottles.
- Switching to the bulk importation of wine provides a range of business benefits, from increased product shelf life to a reduction of about 40% in transport costs.
- The UK is one of the world's largest wine importers, with more than 1.3 billion liters entering the country each year.
- Bulk importing of wine, for bottling in the UK, is increasingly seen as a more cost-effective and environmentally sound alternative to bottling at source.
- Bulk importing can maintain quality and unlock a range of welcome business benefits from reduced transportation costs, to increased product shelf life by being bottled closer to the market.
- While consideration must be given to the social impact of not bottling at source in some countries, an increasing number of producers, retailers and brand owners are now turning to bulk importing as a way of fulfilling their environmental and commercial objectives.
- Improvements in flexi-tank materials have significantly reduced the frequency of oxidation and taint in bulk shipped wine. Temperature stability has also shown improvement via bulk shipment, since a larger single volume of liquid has a greater thermal inertia versus a smaller volume. This indicates that wine bulk shipped by sea is less at risk of temperature variations than those shipped in bottles.

WINE IMPORTS 2013-2014

- The UK is second in the ranking of world wine importers (after the USA), and decreased the value of its purchases by 5.2% last year, along with the volumes as well. On the opposite side, Scandinavian markets such as Denmark and Sweden, led the increase in both volume and value terms.
- Imports in the UK decreased in 2013 both in volume and value, although in this case, the decrease was led by a fall in bottled wines. All categories increased their average prices, but the change in product mix, with a larger proportion of cheaper wines, forced the decline of the global average price of total imports by 0.2%. Wines introduced in Great Britain in bulk and containers of more than 2 liters increased by 23% since 2000. From 12.4% of total imports in volume in year 2000 to 35.2% last year, this has allowed the UK to also become a large exporter of wine to other markets. In 2013, all key suppliers (except for Chile) reduced their sales volumes to the UK. Only Italy and Spain increased their revenues, due to more expensive pricing, and due to the fact that Chile also improved its sales in value, despite lower average prices.

FUN FACTS

- Spanish wines are the fastest growing wines in UK bars and restaurants.
- Spanish wines were up 25% last year at the expense of French wines whose listings fell by 11%.
- The next fast growing country in the on-trade is Argentina, which has seen listings increase up to 12%. This means that Argentina has now secured 5% of all UK listings.
- Wine is now the most popular alcoholic beverage in the UK, with 30 millions regular drinkers, according to the new poll commissioned by the *Wine and Spirit Trade Association*.



CIATTI

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Export Pricing: USD per liter
Currency Conversion Rates as of February 9, 2015

ARGENTINA

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|-------------------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| 2014 | Generic White | 0.32 | - | 0.35 | ↓ | 2014 | Generic Red | 0.40 | - | 0.45 | ↓ |
| 2014 | Generic White (Criolla) | 0.30 | - | 0.32 | ↓ | 2014 | Cabernet Sauvignon | 0.70 | - | 0.80 | ↓ |
| 2014 | Chardonnay | 0.65 | - | 0.75 | ↓ | 2014 | Malbec Entry-Level | 0.80 | - | 0.90 | ↓ |
| 2014 | Torrontes | 0.40 | - | 0.50 | ↓ | 2014 | Malbec Mid-Level | 0.90 | - | 1.20 | ↓ |
| 2014 | Sauvignon Blanc | 0.55 | - | 0.65 | ↓ | 2014 | Malbec Premium | 1.20 | - | + | ↓ |
| 2014 | Muscat | 0.35 | - | 0.45 | ↓ | 2014 | Syrah / Merlot | 0.60 | - | 0.70 | ↓ |
| 2014 | Bonarda | 0.50 | - | 0.60 | ↓ | 2014 | Tempranillo | 0.60 | - | 0.70 | ↓ |

AUSTRALIA & NEW ZEALAND

AUD Rate: 0.776305

NZD Rate: 0.739258

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|-------------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| NV | Dry White | 0.35 | - | 0.50 | ↓ | NV | Dry Red | 0.47 | - | 0.58 | ↓ |
| 2014 | Chardonnay | 0.47 | - | 0.58 | ↔ | 2014 | Cabernet Sauvignon | 0.58 | - | 0.82 | ↓ |
| 2014 | Sauvignon Blanc | 0.54 | - | 0.70 | ↓ | 2014 | Merlot | 0.54 | - | 0.70 | ↓ |
| 2014 | NZ Marlborough SB | 2.00 | - | 2.59 | ↓ | 2014 | Shiraz | 0.58 | - | 0.78 | ↔ |
| 2014 | Pinot Gris | 0.82 | - | 1.01 | ↔ | 2014 | Muscat | 0.50 | - | 0.62 | ↓ |

CALIFORNIA

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|-----------|-----------------|-------|---|------|-------|-----------|--------------------|-------|---|------|-------|
| 2014 | Generic White | 0.60 | - | 0.80 | ↔ | 2014 | Generic Red | 0.80 | - | 1.05 | ↓ |
| 2013/2014 | Chardonnay | 0.92 | - | 1.18 | ↓ | 2013/2014 | Cabernet Sauvignon | 1.32 | - | 2.11 | ↔ |
| 2014 | Pinot Grigio | 1.38 | - | 1.85 | ↔ | 2014 | Merlot | 1.05 | - | 1.45 | ↓ |
| 2014 | Muscat | 0.92 | - | 1.32 | ↓ | 2014 | Pinot Noir | 1.72 | - | 2.25 | ↔ |
| 2014 | White Zinfandel | 0.85 | - | 0.99 | ↔ | 2014 | Syrah | 1.10 | - | 1.45 | ↔ |
| 2014 | Colombard | 0.73 | - | 0.99 | ↔ | 2013/2014 | Zinfandel | 1.18 | - | 1.85 | ↓ |

CHILE

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|-----------|----------------------------|-------|---|------|-------|-----------|-----------------------------------|-------|---|------|-------|
| 2014/2015 | Generic White | 0.57 | - | 0.73 | ↓ | 2014/2015 | Generic Red | 0.39 | - | 0.49 | ↓ |
| 2014/2015 | Chardonnay | 0.90 | - | 1.15 | ↔ | 2014/2015 | Cabernet Sauvignon (Basic) | 0.50 | - | 0.53 | ↔ |
| 2014/2015 | Chardonnay (Varietal Plus) | 1.15 | - | 1.40 | ↔ | 2014/2015 | Cabernet Sauvignon | 0.55 | - | 0.63 | ↔ |
| 2014/2015 | Sauvignon Blanc | 0.78 | - | 1.15 | ↔ | 2014/2015 | Cabernet Sauvignon (High Quality) | 1.50 | - | 4.00 | ↔ |
| 2014/2015 | Pinot Noir | 0.90 | - | 1.15 | ↔ | 2014/2015 | Merlot | 0.55 | - | 0.63 | ↔ |
| 2014/2015 | Syrah | 0.50 | - | 0.58 | ↓ | 2014/2015 | Malbec | 0.60 | - | 0.75 | ↔ |
| 2014/2015 | Carmenere | 0.50 | - | 0.60 | ↔ | 2014/2015 | Malbec (Varietal Plus) | 0.75 | - | 0.95 | ↔ |

FRANCE

Rate: 1.131320

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|------------------------|-------|---|------|-------|---------|---------------------------|-------|---|------|-------|
| 2014 | Generic White | 1.07 | - | 1.13 | ↑ | 2014 | Generic Red | 0.91 | - | 0.96 | ↑ |
| 2014 | Chardonnay VDF | 1.41 | - | 1.47 | ↑ | 2014 | Cabernet Sauvignon VDF | 0.96 | - | 1.02 | ↑ |
| 2014 | Chardonnay IGP OC | 1.53 | - | 1.58 | ↑ | 2014 | Cabernet Sauvignon IGP OC | 1.07 | - | 1.13 | ↑ |
| 2014 | Sauvignon Blanc VDF | 1.13 | - | 1.19 | ↑ | 2014 | Merlot VDF | 0.96 | - | 1.02 | ↑ |
| 2014 | Sauvignon Blanc IGP OC | 1.19 | - | 1.30 | ↑ | 2014 | Merlot IGP OC | 1.07 | - | 1.13 | ↑ |
| 2014 | Generic Rosé VDF | 0.96 | - | 1.02 | ↑ | 2014 | Syrah IGP OC | 1.07 | - | 1.13 | ↑ |
| 2014 | Varietal Rosé IGP OC | 1.04 | - | 1.07 | ↑ | 2014 | Dry Muscat IGP OC | 1.07 | - | 1.13 | ↑ |

GERMANY

Rate: 1.131320

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|-----------|--------------|-------|---|------|-------|-----------|------------|-------|---|------|-------|
| 2013/2014 | White Wine | 1.02 | - | 1.24 | ↔ | 2013/2014 | Red Wine | 0.74 | - | 0.91 | ↔ |
| 2013/2014 | Pinot Grigio | 1.58 | - | 1.70 | ↔ | 2013/2014 | Dornfelder | 1.24 | | | ↔ |
| 2013/2014 | Riesling | 1.13 | - | 1.58 | ↔ | 2013/2014 | Pinot Noir | 1.13 | | | ↔ |

ITALY

Rate: 1.131320

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|---------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| 2014 | Generic White | 0.45 | - | 0.57 | ↓ | 2014 | Generic Red | 0.51 | - | 0.57 | ↔ |
| 2014 | Chardonnay | 0.85 | - | 0.96 | ↔ | 2014 | Cabernet Sauvignon | 0.68 | - | 0.79 | ↔ |
| 2014 | Pinot Grigio | 1.19 | - | 1.30 | ↑ | 2014 | Merlot | 0.68 | - | 0.79 | ↔ |

SOUTH AFRICA

Rate: 0.085572

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|-----------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| 2014 | Generic White | 0.40 | - | 0.43 | ↔ | 2014 | Generic Red | 0.49 | - | 0.54 | ↔ |
| 2014 | Chardonnay | 0.51 | - | 0.62 | ↔ | 2014 | Cabernet Sauvignon | 0.58 | - | 0.68 | ↔ |
| 2014 | Sauvignon Blanc | 0.53 | - | 0.67 | ↔ | 2014 | Ruby Cabernet | 0.51 | - | 0.54 | ↔ |
| 2014 | Generic Rosé | 0.42 | - | 0.51 | ↔ | 2014 | Merlot | 0.58 | - | 0.68 | ↔ |
| 2014 | Cultivar Rosé | 0.50 | - | 0.56 | ↔ | 2014 | Pinotage | 0.54 | - | 0.64 | ↔ |
| 2014 | Chenin Blanc | 0.42 | - | 0.62 | ↔ | 2014 | Shiraz | 0.58 | - | 0.71 | ↔ |
| 2014 | Muscat | 0.43 | - | 0.49 | ↔ | 2014 | Cinsaut | 0.50 | - | 0.54 | ↔ |

SPAIN

Rate: 1.131320

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|---------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| 2014 | Generic White | 0.34 | - | 0.40 | ↑ | 2014 | Generic Red | 0.36 | - | 0.41 | ↑ |
| 2014 | Generic Rosé | 0.34 | - | 0.40 | ↑ | 2014 | Cabernet Sauvignon | 0.51 | - | 0.57 | ↑ |
| 2014 | Moscatel | 0.68 | - | 0.74 | ↑ | 2014 | Merlot | 0.51 | - | 0.57 | ↑ |
| 2014 | Syrah | 0.48 | - | 0.57 | ↑ | 2014 | Tempranillo | 0.40 | - | 0.45 | ↑ |