Global Trends - Wine Industry Key Elements

Update: 2017 Harvest Reports

Argentina: Up 10% on the 2016 harvest to an estimate 1.95 million tons, but still down 20 – 25% on the long term average of 2.5 million tons. High 2017 grape prices are going to translate into high wine prices. Standard Malbec is trading at USD2.0/litre squeezing the profit margin. The higher wine prices will continue to reduce domestic sales which have seen a 9 – 10% fall in 2016.

Australia: The estimate is slightly up from 2016.

California: The weather has been good and frost has not been an issue. The market for 2017 grapes is still very tight. Bulk wine can be tough to find and prices are currently higher than the grape equivalents, in other words it is cheaper to buy the fruit and process it than buying bulk wine. The 2016 wine grape hectares totalled 243 600ha down from 248 900 in 2014 (-5 300ha). Non-bearing hectares (defined as vines younger than 3 years) totalled 17 000ha.

Chile: The 2017 harvest is similar to 2016 at 1.01 billion litres with good quality. Grapes have been allocated and wine prices are firm.

New Zealand: Lower than the big 2016 harvest and more in line with the long-term average.

Western Europe: The impact of the wide-spread frost which occurred late April will only be clear towards mid-June.

Sources: Industry media, Ciatti.

Major Wine Producing Countries

Argentina and Chile are a joint wine force to be reckoned with

Chile and Argentina have different perceived USPs, which are partly the result of their respective climates. The former has access to the coldest ocean on the planet, the latter is dry and famously continental. So while Chile is known for Sauvignon Blanc, Carmenère and Cabernet Sauvignon, Argentina has Malbec (lots of Malbec), Bonarda and Torrontés.
The biggest difference between Chile and Argentina is one of price. Both countries produce a lot of cheap vino, but the latter has a more established fine wine sector and can charge top dollar for its most prestigious reds. Argentina has a list of 20 or more so-called icon wines that sell well internationally; Chile has three or four at most. Chile’s image, by and large, is marooned in the bargain basement, largely because it has chosen to play the supermarkets’ game, while Argentina has focused its export on independents and the on-trade.

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