Economic Environment

What a Trump presidency might mean for wine

A win for Trump, a self-proclaimed tee-totaller but with a winery in the family, initially caused volatility in global stock markets and the US dollar recoiled on currency markets. But, the dollar regained some strength in the early hours of 9 November after Trump promised in his acceptance speech to be a ‘president for all Americans’ and to invest in infrastructure. That also appeared to calm stock markets.

But, it’s early days.

Liv-ex saw a flurry of trading after Brexit, but it’s been calm so far after Trump’s win.

US EU free trade deal: A dispute over wine names

Whether it was Trump or Clinton in the White House, a proposed free trade deal known as TTIP was heading for the rocks. A core disagreement in the deal includes a dispute over legal protection for certain wine names, such as Champagne.

The EU exports around $3.7 billion worth of wine to the US annually, six times more than the amount of wine travelling in the opposite direction, according to the California Wine Institute. But the Wine Institute said in July 2016 that it ‘rejects European-led efforts in the EU-U.S. Transatlantic Trade and Investment Partnership (TTIP) negotiations to “claw back” semi-generic terms such as “Champagne” from US vintners.

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Political / Regulatory Environment

A first look at President Trump: How are the markets reacting?

In market responses similar to that of June 23, the dollar is taking a tumble following property tycoon Donald Trump’s successful bid to become the 45th president of the United States.

Indications from the market in the early hours of this morning showed that the dollar could be in
for the biggest fall since 2001 and 9/11, with the Dow Jones dropping 800 points.

But what does this mean for trade and the drinks industry?

This sharp economic downturn puts the pound on more equal footing with the dollar - good news for those looking to trade with the US – although uncertainty is inevitable.

What remains to be seen is how teetotal Trump’s approach to trade – during his campaign he threatened to tear up international deals – and the affect his presidency will have on the dollar going forward, will affect the drinks industry in American and further afield.

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