Global Trends - Wine Industry Key Elements

2018 global wine supply update

Global harvest 2018: ‘good, average’

Southern Hemisphere

- Argentina harvested an estimated 2.55 million tonnes, after three smaller-than-average vintages in a row. This sees it return to fifth place on the world wine production table, overtaking Australia.
- Chile may also overtake Australia, with a reported wine crush of 1.3 billion litres or around 1.85 million tonnes – 36 per cent more than in 2017.
- Australia’s harvest of 1.79 million tonnes was 10 per cent below the 2017 harvest but slightly above the long-term average of 1.76 million tonnes.
- South Africa’s harvest of 1.2 million tonnes was 15 per cent below last year’s, after they suffered the worst drought in 100 years.
- New Zealand had an increase of 6 per cent, but their harvest of 400,000 tonnes – while the third largest on record for the country – is still relatively small in global terms.

Northern Hemisphere

- United States of America is on track for an average harvest of around 3.8 million tonnes, despite extreme heat and wildfires.
- Spain is predicted to produce close to 6 million tonnes (4–4.2 billion litres), with dry conditions going into vintage but good stocks of groundwater after a wet winter. If realised, this will be the highest crop since 2013 and 7 per cent above the 10-year average.
- France is also expecting an above-average crop – more than 6.5 million tonnes (4.7 billion litres), which would see it back at the top of the production rankings by volume.
- Italy is suffering what Ciatti calls ‘unconducive conditions’ – including an intense heatwave accompanied by storms, leading to disease pressure – but is tentatively forecast to produce just under 6 million tonnes – a bit more than in 2017, but up to 10 per cent below its long-term average.

Putting all these outcomes and forecasts together gives an estimate for the 2018 global harvest of around 39 million tonnes or 27.3 billion litres – 2 per cent above average and 11 per cent above 2017. Importantly, this would be approximately 3 billion litres higher than global wine consumption, which has stayed around 24 billion litres since 2009 according to the International Organisation of Vine and Wine (OIV), and would see the world wine market potentially move back into over-supply.
Comment: In its August report, Ciatti observed that the bulk wine market is generally flat, as buyers anticipate an improvement in availability following the northern hemisphere vintage. This is already being reflected in bulk wine prices, which have shown a downward trend after climbing steadily for most of the past year.