BI Daaglik - BI Daily

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Global and SA Trends

Rabobank Wine Quarterly Q4 2019
Report Summary

US Tariffs Hit European Wines
Wines exported from Spain, France, Germany, and the UK to the US are now subject to a 25% ad valorem tax. According to Stephen Rannekleiv, Global Beverages Strategist at Rabobank: “Some players may set up mitigating strategies, like exporting in bulk or notching up the ABV. However, for many, there is no way around increasing prices or absorbing the extra cost, meaning revenues and margins will be dented.”

Trade Flows Reflect a Sum of Specific Situations
The EU-Japan trade agreement (effective since February) has boosted wine exports from Spain, Italy, and France to the country. Elsewhere, very competitively priced bulk wine from Chile and Argentina resulted in strong export volume increases, while the opposite was the case in South Africa and Australia, where exports in value performed better.

Bulk Wine Prices Stable
Bulk wine prices have been broadly stable recently. With the last European Commission estimates pointing to a 2019 harvest 15% shorter than a year earlier in the region, bulk wine prices for the near future are more likely to move up than to decline, though predictability is lower than ever due to the ongoing trade and political interferences.

US Imports Recovering After a Slow Start
After a negative start of the year, activity recovered, and in Q2, imports increased by 7% in volume and 5% in value compared to the same period of the previous year. Overall, the outlook is very unpredictable, in particular with respect to Q4.

Global Trends - Wine Industry Key Elements

Social media conversations on low and no alcohol drinking grow 80%
Consumer interest in the low and no alcohol category is growing: and this is illustrated by a rise in social media conversations which have risen by more than 80%, according
to US consumer analytics company Social Standards.

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