Global Trends - Wine Industry Key Elements

Global Trends: Harvest and Exports Update

NORTHERN HEMISPHERE

US: Initial results suggest that production will be below the large crops of the past three years. The lighter crop will alleviate the current excess supply available.

France: Production appears positive with good-quality fruit. Overall, France should see a fairly normal-sized crop.

Italy: The season has progressed fairly well with a forecasted crop of 50 million hectolitres (+12.8% YOY).

Spain: Production is expected to decline by more than 5% compared to last year, although quality looks good.

SOUTHERN HEMISPHERE

Australia: The wine grape production is roughly in line with the average over the past five years and is estimated at 1.67 million tonnes. Shiraz (-6%), Cabernet Sauvignon (-7%) and Merlot (-6%) all recorded volume declines, while Chardonnay rose by 8%, Pinot Noir by +44% and Pinot Gris/Grigio by +24%.

New Zealand: The wine grape crop is estimated at 326 000 tonnes, 27% down on 2014. The 2015 harvest is more in line with the 2011 harvest.

Chile: Production was 30% higher than the light 2014 crop. Despite the increased production, bulk wine prices have remained relatively stable supported in part by rising demand in China.

Argentina: Production is down by 11% in 2015, but has done little to alleviate excess supply in the market.

INTERNATIONAL TRADE

For the first six months of 2015 Spain (+16%), US (+4%), Australia (+6.2%), Argentina (+8.8%), Chile (+5.8%) and New Zealand (+9.1%) increased volume exports, with only Chile showing a decline in value.
CHINESE MARKET

The Chinese wine industry registered a 3.1% decline up to August 2015 to reach volume production of 677.8 million litres. This is a slight decline from 2014.

Imports continue to show strong growth rising 42.3% in volume and 28% in value. This growth was primarily driven by bulk wine imports from Chile who enjoy a zero tariff on wine imports into China (+80% YOY).

BULK WINE PRICING

Despite a mild increase in global wine production and the declining demand for bulk wine imports in major markets such as the UK, Germany and the US, bulk wine prices for most varietals appear to have remained fairly stable across most consumer markets.

Source: Rabobank Wine Quarterly Q4 2015