Global Trends - Wine Industry Key Elements

Italy´s producers will not face extra tariffs in event of no-deal Brexit claims UK ambassador

UK ambassador to Italy, Jill Morris, has claimed there will be no additional duties placed on Italian wine exported to the UK in the event of a no-deal Brexit.

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Global Market Report

Unseasonable weather is being experienced in the Northern Hemisphere as spring turns to summer. May was colder and/or wetter than was helpful in California, Italy, and many growing areas of France, though drying northerly winds in the Languedoc prevented possible disease pressure there. Severe frost hit the Loire Valley in April and Cahors in May.

There are still 2-3 months to go before the Northern Hemisphere harvests get underway and the deleterious effects of this miserable weather are still being assessed, but the bumper crops produced in Europe last year appear unlikely to be replicated this time. Vineyard development in California, meanwhile, is 2-3 weeks behind normal and it remains too early to get a true sense, size-wise, of the 2019 crop in prospect.

Levels of buying activity on the Northern Hemisphere’s bulk wine markets are mixed: prices are falling in California off the back of mounting inventory and slow activity; prices are falling on generics in Spain off the back of ample supply, luring in buyers from across the world; white wine prices in Italy, meanwhile, are trending upward after prices hit a natural floor and supply is shortening.

While the main issue at the moment in the Northern Hemisphere is the cold and wet, many of the Southern Hemisphere crops fell victim to the opposite: lack of water. Australia and New Zealand experienced droughtstricken summers; South Africa felt the latent effect of the three-year drought that ended in 2018. The drought in the Western Cape also reduced the availability of rootstock, meaning it has been a struggle replacing removed vines – potentially delaying a full return to normal-sized crops in the Cape.

The very high levels of activity on Chile’s bulk market shows that the pricequality sweet spot its varietal wines are enjoying is attracting buyers from across the world, including those who would otherwise source in Australia or South Africa where supply is short and/or prices
have risen. And some domestic buyers in those producer countries are seeking to source
generic wines from Argentina or Spain. At the last count, Argentina was holding 700 million
litres of carryover stock: prices are low and open to negotiation.

Source: Ciatti June 2019

Natural / Physical Resources

We Have Five Years To Save Ourselves From Climate Change, Harvard Scientist Says

The level of carbon now in the atmosphere hasn't been seen in 12 million years, a Harvard
scientist said in Chicago Thursday, and this pollution is rapidly pushing the climate back to its
state in the Eocene Epoch, more than 33 million years ago, when there was no ice on either pole

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