BI Daagliks - BI Daily

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Major Wine Producing Countries

Wine Australia: Headwinds and tailwinds

The recent global economic upswing has reached the two-year mark – with global growth forecast to peak at 3.9 per cent this year and next, the fastest pace since 2011. However, while still strong, the expansion is forecast to become less uniform and may even have peaked in certain economies. The much talked about slow-down of the Chinese economy is expected to continue, with GDP growth of 6.6 per cent expected in 2018 – the slowest pace since 1990. Economic expansion in the USA has been very strong, with the current period of growth one of the longest on record. Fiscal stimulus is expected to improve growth in the near term, compounding the effect of buoyant asset prices, strong consumer confidence and a low unemployment rate. Growth in Europe, however, is expected to slow this year and next as monetary stimulus is slowly withdrawn and global trade growth eases.

Headwinds:
1. Restrictive trade policy.
2. Financial volatility.
3. Geopolitical tensions.

Tailwinds
In China, Australia’s number one destination by value for wine exports, the middle class is surging and is expected to add 350 million people over the period between 2015 and 2022. This trend is expected to nearly triple consumption of goods and services, to US$14 trillion, between 2015 and 2030. This middle class is willing to pay a premium for quality products, meaning that wine consumption is upgrading as more of them start to buy grape-based wine. Market access is also improving, with the final tariff cut as part of the China–Australia Free Trade Agreement set to take place in January 2019. Click here to read more

2018 Forecast for Italy’s Wine Production is Looking Up

Despite last year’s poor harvests and this summer’s hailstorms, wine production is expected to increase 15%. Prices are expected to remain flat or decline slightly after a spike in 2017. Click here to read more