



Vintage Wine Market Update - 2021 June

The international wine market is quite different from how it looked 10 years ago. While Bordeaux used to be the dominant growing region for fine wine, its trade share by value is now just slightly more than 35%, according to Liv-ex. That the market continues to broaden is a positive thing for wine lovers across the world, offering them a chance to discover great bottles to enjoy.

Furthermore, a broader wine market is also an important factor to take into consideration when building a wine investment portfolio. A well diverse collection of wines is a key to wealth preservation.

Liv-ex reports that the Fine Wine Index 100 is now close to the highs reached in June 2011. The index 100 is the industry benchmark, including the price movement of the 100 most sought-after fine wines in the secondary market. Over the past 12 months, the Index 100 has steadily climbed despite many hurdles along the way, such as Brexit, COVID-19, US tariffs and stock market fluctuations.

As of the first week of June, Liv-ex index Champagne 50 is showing the best performance with a year-over-year gain of 13.2%, followed closely by the Burgundy 150 index's 9.9% increase.

Bordeaux 2020 and the En primeur campaign

The verdict is out: the 2020 vintage is definitively part of a trilogy of excellent vintages along with 2019 and 2018. Wine critics also agree that it is an irregular vintage. The well-established rivalry between left bank and right bank, Merlot versus Cabernet Sauvignon seems to be going full swing right now, with some wine professionals stating

that the Merlot grape is showing better than the Cabernet.

However, the more reserved wine critics seem to think that it is not so clear-cut and that both left and right banks have produced outstanding wines. The key factor is the soil composition and the well-known concept of "terroir". In other words, the capacity that some estates have to cope with difficult climatic growing seasons due to the quality of their land and having the financial resources available to do what is necessary in the vineyard.

In comparison with the 2019 vintage, there has been a slight increase in prices, of between 5 to 10%,

The world of auctions

As Christie's summarizes it: "Asian buyers continue to drive global demand". With a sell-through rate of 88% and half of the lots selling above their high estimates, the May week-long series of auctions in Hong Kong was certainly considered a success. On May 20th, 98% of the wines offered were sold with a total sale of US\$5.9 million. Three magnums of DRC Romanée Conti 2004 were sold for US\$129,359.

Still in Hong Kong in May, Sotheby's sold 99% of its lots for a total of close to US\$16.5 million. The star of the show was a unique lot of 6 bottles of Vosne Romanée Cros Parantoux 1989 from the famous Henri Jayer, which sold for over US\$386,000.

The possibility of following the auction and bidding online has been greatly beneficial to the auction houses. It opened the door to a much younger crowd of buyers around the world and Asia in particular.

Bordeaux is back

The winemaking style for the 2020 vintage is more in line with classical Bordeaux - producing wines that are less extracted, with lower levels of alcohol and softer maceration. Freshness is a recurring adjective in tasting notes. According to many wine critics, the 2020 vintage is a continuity of what has been happening for the past few years.

In terms of trade, Bordeaux wines are back in demand. The suspension of US tariffs, a succession of excellent vintages with a superb but relatively underpriced 2019 vintage are contributing to a renewal of interest. Famous brands such as Lafite Rothschild are currently very popular on the secondary market.

Burgundy 2019: an overview

Is the 2019 vintage in Burgundy an extraordinary one? It would seem to be the case according to merchants and wine critics who agree that quality is present across the board from regional and village appellations to the most sought-after Grand Cru wines. Balanced wines are present for both whites and reds, with great aromatic expression and fine but powerful tannins.

For most wine professionals, this is a unique vintage of superb quality with great aging potential. The down side of this vintage is the quantity. Frost in springtime and a long dry summer contributed to a rather smallish production.

In conclusion, the general quality of the 2019 vintage offers the opportunity to buy wonderful white and red wines from less well-known and less expensive appellations. A chance for everyone to taste the magic of great Burgundy.

Contact Us:

ChapmanCraig Limited

2507 Tower Two, Lippo Center, 89 Queensway Road, Hong Kong
www.ChapmanCraig.com T: 852 2521 7218 E: Craig@ChapmanCraig.com

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