



CIATTI
GLOBAL WINE & GRAPE BROKERS



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**Ciatti Global Wine
& Grape Brokers**

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“The global wine industry,” wrote Rabobank in its latest Wine Quarterly, “has evolved in a context of cheap freight, cheap energy, and declining trade barriers [...] these assumptions may be far less certain than we had previously assumed”. We echo this message, though we see each of the three assumptions being challenged to differing extents.

The last issue cited, the re-emergence of trade barriers, can be attributable to localised political volatility that eventually passes: for example, the US-EU aircraft subsidies dispute appears to be over, so too Brexit’s acutest effects on trade. The world is united in hoping the Russia-Ukraine conflict, too, ends imminently. Such wounds to global trade are patched-up by workarounds and innovation; trade adjusts to the new realities, and carries on. China’s blocking of Australian wine imports is an opportunity for red wine suppliers elsewhere in the world, for example.

Of greater fundamental concern to the wine trade globally are the freight and energy challenges. Both are intrinsically linked, of course, but if we take them in turn: shipping rates experienced exponential growth in 2021 as there is high demand and a shortage of containers. There is also a shortage of vessels. Vessels take years to build and new or imminent emissions laws are making current designs redundant, effectively placing a moratorium on new construction. Shipping, like haulage, is generally concentrated in few hands, reducing price competition and slowing innovation.

Energy supply, also, is concentrated in few hands – the Russia-Ukraine conflict has highlighted some European nations’ reliance on Russian oil and gas, for example – and green levies are in some markets compounding the rising cost. The annual energy bill for UK households increased by an average of GBP693 (USD904, EUR756) from this month. Spain and Portugal are temporarily withdrawing from the EU’s internal energy market in order to cut prices for their citizens. Measures are being introduced to ease record fuel prices: the UK has cut fuel duty by GBP0.05/litre; France has introduced an EUR0.15/litre rebate. But fuel poverty is likely to drag back consumer spending this year.

Rabobank references a “regionalization of supply chains” in response to rising shipping and fuel prices, with companies moving production closer to the end-consumer. We are seeing shipping, once some way down the list of concerns during transactions, becoming in some cases the first discussion point. There is a growth in what might be termed “supply chain parochialism”: while some buyers are casting the net wider for sourcing options that maintain margin, others are ruling-out wines located at a distance or in a specific location so as to avoid high shipping costs and/or delays.

The freight and energy challenges are here to stay in 2022 and potentially well into 2023. But a potent weapon in offsetting challenges has returned after a two-year absence: wine fairs are back, and with them a greater ability to build new relationships, enhance existing ones, and mutually establish workarounds to business impediments. **April brought Alimentaria in Barcelona (busy, and “everyone was happy to see everyone in person”); May brings Fenavin in Ciudad Real and ProWein in Düsseldorf and Ciatti will be attending both, out in force at the latter as in pre-COVID days, with a stand – G24 – in Hall 12. It’s going to be great to see you! In the meantime, read on for detailed updates from each market, and stay safe.**

Robert Selby

California

Time on target



HARVEST WATCH: *Bud-break underway amid drought concerns*

Continuing from last month, some Central Valley wineries have been putting bulk wine inventory back onto the market, likely because of slowing sales in the value-end price categories at US retail, and this has served to slow the Valley's bulk market overall. Illustrating the pull-back after the COVID-19 sales spike, table wine sales volumes in December 2021-February 2022 were – according to SipSource – down versus December 2020-February 2021 by 9.7% in the under USD8/bottle category, by 10.9% in the USD8.00-10.99/bottle category, and by 2.5% in the USD 1.00-14.99/bottle category.

Another drag on bulk-buying activity in the Valley has been what buyers perceive as relatively high prices,

particularly in view of the retail sales trend. However, with inflationary pressure rising and some robust bulk wine pricing in the Coast, Valley supply may also become the target of buyers switching from the Coast in order to help maintain margin. (Unlike all the price categories below it, the USD15+/bottle category was up 6.8% in December 2021-February 2022.) Market prospects in the Valley are consequently hard to gauge and – with a watching brief on the early stages of the 2022 growing season – the market feels in an indeterminate phase.

Sierra Nevada snowpack was at just 38% of the average as of 1st April and the dry winter and spring raises a question mark over the rest of the growing season, particularly for those relying on watercourses on which access curtailments are already being discussed. The dryness is forecast to continue for at least the next three months, essentially ruling out useful precipitation for this growing season. The feeling among grape buyers and sellers alike is that the vineyards will have been adversely affected by dryness and could be on course for a third-successive below-average crop size. Most areas of the state are now seeing bud-break – the early varieties in the Valley are already well-advanced – and cluster counts and sizes will be assessed over the coming weeks.

The retail sales picture is potentially being reflected in the lack of aggressiveness shown by some of the large grape buyers in the Valley compared to the previous two years. That said, most grapes have now been contracted and any availability that does pop is acquired relatively quickly. The most in-demand varieties continue to be Chardonnay (commanding as it does a large volume of wine sales), Zinfandel (pull-outs and ageing vines have reduced supply over the years), and white blenders like Colombard or Chenin Blanc (again, because of pull-outs).

We do see some Chardonnay planting taking place in the Central Valley and some replants in Lodi where many vineyards are now 20-25 years old. New Sauvignon Blanc acres, meanwhile, have gone into the Valley. The growth of Sauvignon Blanc demand in the US is partly thanks to the success of New Zealand Sauvignon Blanc imports. Coastal Sauvignon Blanc is best-placed to come in behind the New Zealand

See next page for more on California.



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taste profile – and we are now seeing new plantings going into the North Coast – but high Coastal pricing potentially makes the Valley’s Sauvignon Blanc an attractive alternative. Another factor in the Valley’s favour is margin: Sauvignon Blanc is normally second to Chardonnay when it comes to shelf pricing – and, anyway, the varietal’s growing popularity may bring with it a wider appreciation of different styles.

California, like every other market, is experiencing inflationary pressure on all inputs, including dry goods, energy bills, and fuel. (The annual inflation rate in the

US hit 7.9% in February, a 40-year high.) We are seeing the rising cost of trucking and slowing trucking speeds lead – in some cases – to what may be dubbed “supply chain parochialism”, whereby prospective buyers rule out batches of wines or grapes because of their distance across the state. Freight, once something that could be taken for granted, is now in some cases the first discussion point. Just one of the new realities of doing business in an already testing 2022.

Key Takeaways

Wines being placed back on the bulk market, and the relatively high prices on the market, have served to slow bulk-buying activity in the Central Valley. However, the blocks of wine that become available do sell pretty quickly, and demand may grow from buyers switching from the Coast due to high prices there. This choppy picture makes the market hard to gauge. There is certainly a sales pull-back in all wine categories priced below USD14.99/bottle at US retail as COVID-19 pantry-stocking moves further into the past. These categories could, however, stand to benefit should consumers start feeling the inflationary pressure as the year progresses and move down on price – it’s a case of wait and see. Bud-break is underway amid ongoing dryness and tentative early expectations are for a third-successive crop below 4 million tons. Most of the Valley’s 2022 grapes have now been contracted and any availability that does pop is acquired relatively quickly.

To find out more about California’s bulk wine market you can read Ciatti’s monthly *California Report*.

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California: Current Export Market Pricing (USD per liter)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-----------------|-------------|-------|---------|--------------------|-------------|-------|
| 2020 | Generic White | 0.95 – 1.05 | ↔ | 2020 | Generic Red | 1.00 – 1.15 | ↑ |
| 2020 | Chardonnay | 1.20 – 1.59 | ↔ | 2020 | Cabernet Sauvignon | 1.15 – 1.25 | ↔ |
| 2020 | Pinot Grigio | 1.30 – 1.59 | ↔ | 2020 | Merlot | 1.15 – 1.40 | ↑ |
| 2020 | Muscat | 1.15 – 1.45 | ↑ | 2020 | Pinot Noir | 1.40 – 1.85 | ↔ |
| 2020 | White Zinfandel | 1.05 – 1.15 | ↑ | 2020 | Syrah | 1.05 – 1.45 | ↔ |
| 2020 | Colombard | 0.95 – 1.00 | ↔ | 2020 | Ruby Cabernet | 1.00 – 1.10 | ↔ |
| | | | | 2020 | Zinfandel | 1.25 – 1.65 | ↔ |



Argentina

Time on target



HARVEST WATCH: *Spring frost damage takes toll on crop size*

Conditions in Argentina's growing areas were good for picking through March, but it has become increasingly clear the spring frosts that occurred last October have curbed crop size this year. Some 1.62 million metric tons of grapes had come into the wineries as of 4th April, with a limited amount left to harvest. Early expectations of a final crop of 1.9-2.0 million tons look like being at the upper end of things, with anywhere between 1.7-1.9 million tons possible, down from last year's 2.25 million tons.

As mentioned last month, this smaller harvest combined with Argentina's 50% annual inflation rate has sent 2022 Malbec grape prices soaring: price increases from last year are at 40-50%, though in the premium-quality areas of the East Valley the increase could be closer to 70-80%.

Some wineries are accepting the higher prices as they need the grapes, assisted in being able to afford them by higher peso values from domestic sales (due to inflation). Domestic wine sales in terms of volume, however, were down 11.2% in calendar year 2021 versus 2020, from 9.4 to 8.3 million hectolitres. Bottled (-10.8%), Tetra Brik (-12.2%) and demijohn (-11.5%) formats all suffered; canned wine (+73%) and bag-in-box (+19%) both increased from very small bases. The start of 2022 has brought no relief from the downward sales trend: January and February volumes were down 6.9% versus the first two months of 2021, with all formats posting a decline.

Argentina's wine exports, meanwhile, fell 13.8% in 2021, from 3.9 million hectolitres to 3.4 million. An uptick in bottled export volumes (+11.1%) was offset by a large fall in bulk shipments (-39.9%). Reflecting the bottled

performance, and an increase in prices, export value grew in dollar terms by 14.4% to USD906 million. Since then, export volume declines have continued: January-March 2022 export shipments down 16.3% versus the first three months of 2021, from 79.2 million litres to 66.3 million. Bulk export declines (-34.8%) remained in line with the preceding 12 months, but now bottled volumes joined them in falling (-5.1%).

Wine stock at Argentinian wineries as of 1st January 2022 was reported to be 10.5 million hectolitres (i.e., 1.05 billion litres). Considering that sales in 2021 averaged 92 million litres per month (domestic 70 million, export 22 million), the five months of sales from January to May 2022 would equate to 460 million litres. Thus, we calculate some 600 million litres of stock still remaining available at vintage changeover on 1st June – and amid a declining sales environment. The current market does not reflect this market reality, however, as the inflation rate and the shorter crop serve to place upward instead of downward pressure on pricing. There could well be a change in the second half of the year, however, as it becomes clear the 2022 crop's shortness will be balanced out by the large carryover.

Argentina has good supplies of excellent-quality Malbec and other red varieties available at potentially negotiable pricing. Current dollar prices for bulk wine in Argentina are still very unstable in an upward trend, and could rise even further than last month's increase of USD0.20/litre. Some suppliers are likely holding onto their wines, speculating due to the price increase on 2022 grapes. International demand was muted through March, with buyers of big volumes still battling to get the wines they have contracted onto the water and into their final destinations.

It goes without saying that, due to the global supply chain delays, Argentinian exporters are struggling for cashflow and – with domestic interest rates running at 43%+ per year – borrowing is not an option.

See next page for more on Argentina.

Furthermore, interest rates are set to rise further as part of the debt restructuring deal the Argentinian government has agreed with the International Monetary Fund (IMF).

Another stipulation of the IMF deal is a reduction in government subsidies on gas and electricity prices, which will – if the government proceeds – lump more economic pain on individuals and businesses.

Furthermore, Argentina is now suffering from a diesel shortage – related to the economy and the Russia-Ukraine conflict – which is upping prices and hindering trucking. The inflation forecast for the month of March is over 6%. The peso is continuing to devalue gradually, weakening out from ARS113/dollar at the start of March to ARS117/dollar by 7th April; the unofficial blue dollar was at ARS197.

Key Takeaways

Argentina possesses good supplies of excellent-quality Malbec and other red varietals, available at potentially negotiable pricing. Dollar prices are feeling upward pressure. Argentina's 50% annual inflation rate and a crop coming in shorter has boosted 2022 grape prices by 40-50%, despite estimates of a large carryover stock at vintage changeover in June. Global inflationary pressure and the supply chain crisis is compounding pre-existing economic fragility in Argentina.

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Argentina: Current Market Pricing (USD per liter; FCA Winery)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|--------------------------|-------------|-------|---------|--------------------|-------------|-------|
| 2021 | Generic White (Basic) | 0.75 – 0.85 | ↑ | 2021 | Generic Red | 0.85 – 0.95 | ↑ |
| 2021 | Generic White (Standard) | 0.80 – 0.90 | ↑ | 2020/21 | Cabernet Sauvignon | 1.30 – 1.50 | ↑ |
| 2021 | Muscat | 0.85 – 0.95 | ↑ | 2020/21 | Merlot | 1.20 – 1.50 | ↑ |
| 2021 | Torrontes | 0.90 – 1.00 | ↑ | 2020/21 | Syrah | 1.10 – 1.20 | ↑ |
| 2021 | Sauvignon Blanc | 1.40 – 1.60 | ↑ | 2020/21 | Malbec Standard | 1.10 – 1.30 | ↑ |
| 2021 | Chardonnay | 1.50 – 1.70 | ↑ | 2020/21 | Malbec Premium | 1.40 – 1.70 | ↑ |
| 2020/21 | Bonarda | 0.95 – 1.05 | ↑ | 2020/21 | Malbec High End | 1.90 – 2.50 | ↑ |
| | | | | 2020/21 | Tempranillo | 0.95 – 1.05 | ↑ |

White Grape Juice Concentrate (per metric ton in bulk): 1,400-1,500 (FCA Plant)

Chile

Time on target



HARVEST WATCH: *Dryness constraining output; 5-10% down versus 2021*

Picking in Chile has continued amid ongoing drought. The 2021 winter has been declared Chile's fourth-driest on record, and the low level of water accumulated in the soil is predicted by Chile's Ministry of Agriculture to have reduced fruit set and led to lighter bunches during the grape-growing season. They predict a 2022 crush down 5-10% from 2021's large 1.34 billion litres; we envisage a reduction closer to 10% than 5%, with a fall of as much as 30-40% in the cool-climate region of Casablanca. Harvest will finish earlier than in the previous two years.

The Ministry of Agriculture cites Chardonnay and Carmenere grapes as having been particularly impacted by dry conditions in the growing areas. We believe that Cabernet Sauvignon will probably be the most affected variety. While days remained warm through March, night-time brought a couple of frosts – not normal for March in Chile. No significant rain appears in the long-term forecast. The Mapocho and Maipo rivers have largely dried-up and water usage restrictions have commenced in Santiago.

We have seen growers struggle to secure hand labour and trucking as the government's economic stimulus – a series of early pensions withdrawals – has reduced the pool of workers, at least for nightshifts and Sundays. The wine industry is thus taking a renewed look at workforce efficiencies in order to reduce their reliance on labour moving forward.

An issue for wineries is cellar space: slow and delayed shipping means a lot of contracted wine destined for international markets remains in situ; some international buyers have had to rent external

storage space in Chile in which to keep their wines until they can move them through the supply chain. Consequently, fresh international demand for bulk wine is limited; most activity has been for the domestic market.

Another consequence of slow shipping speeds, spiralling freight costs and global economic uncertainty in general (including, to some extent, the Ukraine-Russia conflict) was a slower pace of contracting on what 2022 grapes remained unsold. These were eventually sold at a lower price. Winery demand for 2022 grapes cooled off as their 2021 wines are still waiting to ship and – as they normally receive payment after the end-buyer has taken receipt – they are struggling for cashflow. In March, interest rates in Chile increased from 5.5% to 7% (in a bid to curb annualised inflation running at a rate approaching 10%), making borrowing less attractive. Procuring dry goods such as glass bottles and cardboard is also proving slow and increasingly expensive. We believe that this could signal a good time to move some programs into bulk, which saves on dry goods and freight.

Consequently, the pricing on the 2022 grapes that were sold now looks high in the context of hesitant demand for the rest of the grapes and for bulk wine. That said, international demand from North American and Europe for Chilean bulk wines is proceeding steadily, with some buyers prepared to cover big increases in freight costs to ensure they continue to stock their lines with Chilean products. The shipping delays can mean a stop-start supply, sometimes leading to empty shelves as consumers work through what is available.

See next page for more on Chile.

Chile's bulk prices have softened slightly from last year, with the softening smallest on Chardonnay, Sauvignon Blanc, Carmenere and Pinot Noir. The

Chilean peso, meanwhile, averaged CLP799/dollar through March, its strongest position since September.

Key Takeaways

The longstanding dryness in Chile is expected to have reduced the country's 2022 crush by approximately 10% versus 2021, with Cabernet, Carmenere and Chardonnay particularly affected. Wineries have struggled with storage space as shipping delays means more wines remaining in situ, while delays in getting wines to their final destination has - in turn - reduced cashflow; in addition, procuring dry goods is slow and expensive. As a result, contracting of the remaining 2022 grapes was slow and, as contracted wine is still working its way through the supply chain, fresh demand for bulk wine is reduced at a steady pace. Chile's bulk prices have softened since last year (the least so on Chardonnay, Sauvignon Blanc, Carmenere and Pinot Noir).

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| Chilean Export Figures | | | | | | | |
|------------------------|------------------------------|------------------|---------------|------------------------------|------------------|---------------|--------------|
| Wine Export Figures | January 2021 - February 2021 | | | January 2022 - February 2022 | | | Volume |
| | Million Liters | Million US\$ FOB | Average Price | Million Liters | Million US\$ FOB | Average Price | Variance % |
| Bottled | 67,84 | 224,42 | 3,31 | 65,87 | 213,92 | 3,25 | -2,90 |
| Bulk | 59,15 | 62,67 | 1,06 | 60,36 | 55,30 | 0,92 | 2,05 |
| Sparkling Wines | 0,47 | 1,94 | 4,13 | 0,54 | 2,09 | 3,86 | 15,31 |
| Packed Wines | 3,71 | 6,76 | 1,82 | 3,47 | 6,15 | 1,77 | -6,55 |
| Total | 131,17 | 295,78 | 2,58 | 130,24 | 277,46 | 2,45 | -0,71 |

| Chile: Current Market Pricing (Pricing in bulk; FOB Chilean Port) | | | | | | | |
|---|------------------------------|-------------|-------|---------|------------------------------------|-------------|-------|
| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
| NV | Generic White | 0.70 - 0.75 | ↑ | NV | Generic Red | 0.60 - 0.67 | ↔ |
| 2022 | Chardonnay | 1.05 - 1.10 | ↔ | 2021/22 | Cabernet Sauvignon (Basic) | 0.65 - 0.75 | ↔ |
| 2022 | Sauvignon Blanc | 1.05 - 1.15 | ↔ | 2021/22 | Cabernet Sauvignon (Varietal Plus) | 0.80 - 0.90 | ↔ |
| 2022 | Sauvignon Blanc Cool Climate | 1.35 - 2.00 | ↔ | 2021/22 | Merlot | 0.68 - 0.75 | ↔ |
| 2021/22 | Carmenere | 0.73 - 0.82 | ↔ | 2021/22 | Malbec (Basic) | 0.75 - 0.85 | ↔ |
| 2022 | Pinot Noir | 1.00 - 1.20 | ↔ | 2021/22 | Syrah | 0.68 - 0.72 | ↔ |

France

Time on target



HARVEST WATCH: *Helpful March rain; frost damage in South West*

March brought some much-needed rainfall to the Languedoc and southern France after a dry winter; while still officially in a drought situation overall, the southern French vineyard areas look healthy and green. The big story, however, is a second successive year of severe April frosts, striking many growing areas across France on the nights of the 2nd, 3rd and 4th of the month. Sunday 3rd into Monday 4th saw the coldest April night in France since records began in 1947. Growers were out in force with anti-frost candles and fans.

The impact of the frost wave is now being assessed and the picture will be clearer in the next 10-15 days. Unlike in 2021, vineyard development in southern France has been average, not in advance, with most vines still at the bud stage and not in leaf, helping mitigate the impact of any frost patches that occurred. Consequently, anxiety levels among growers in southern France are markedly lower this year than last. Similarly, the Côtes du Rhône and Provence are believed to have escaped serious damage.

The main concern is the South West's growing regions. In the Gers/Gascony region, the frost wave is believed to have hit even harder and wider than in 2021. All grape types will have been affected but the earliest bud-breaking varieties are the most impacted (Chardonnay, Sauvignon Blanc, Colombard) – the potential crop size for these is even lower than in 2021. It's the same situation in the Charente area where Chardonnay and Merlot were the hardest hit. However, it is believed that – to maintain a sufficient inventory – a higher than usual percentage of the coming Ugni Blanc crop will be destined for Cognac/French brandy production. In Bordeaux – specifically in the Entre-Deux-Mers region where most of the big Sauvignon Blanc and Merlot volumes come from – the crop size will be highly reduced due to overnight temperatures plunging past -5°C, affecting some vineyards by 80-100%.

All these areas in general are considerable producers of white wines and the frost wave will place further pressure on France's bulk white wine market, on which 2021 white varieties have been sold out for some months already. The frost will disincentivise any seller still holding batches of varietal whites from placing them on the market until the damage has been assessed. It is hoped that, with this year's harvest starting in less than five months, the Languedoc will be able to provide an average-sized white grape crop to help compensate for the South West's losses and balance the overall availability at the end of 2022.

The inventory of high-quality, high-alcohol 2021 varietal reds is now pretty balanced, but batches intermittently arise on the market from negociants and small estate wineries – we are thus still able to locate some high-quality 2021 reds and prospective buyers of these should get in touch. AOP reds, standard-quality reds and rosés, and organic reds and rosés, are in more plentiful supply. Demand is steady, but muted.

The standard rosé situation – inventory still unsold with April underway – is a concern. The acute delays throughout the supply chain, particularly on shipping, means it is too late for any rosé sold now to reach key Northern Hemisphere export markets – such as the US – in time for summer. The alternative, the domestic market, is experiencing disappointing supermarket sales (wine sales volumes in France were reportedly down 7% in 2021 versus 2020). Prices on high-quality reds and rosés remain firm, but are negotiable to some extent on the standard qualities.

Just like every other market around the world, the French bulk market is experiencing a very challenging operating environment, with inflationary pressure on all inputs, supply chain delays (loading of the red wines is proceeding slowly), and difficulties procuring dry

See next page for more on France.

goods. There are high prices and significant lead times on items such as labels, foil, cardboard, outer cases and caps, and there is a particularly acute shortage of glass bottles across France, leading to spiralling prices. These headaches add a whole extra layer of complexity to getting transactions done, dragging back market activity and prolonging the bulk campaign (at the moment on the reds and rosés as they are what remains of the 2021 vintage).

The Russia-Ukraine conflict is not expected to impact French wine exports significantly: Russia is a more important market for Champagne and premium spirits

such as Cognac. More problematic is China's "zero COVID" policy, which has recently led to the locking-down of the entire city of Shanghai (population: 25 million). Shanghai is China's global trading hub and now lacks sufficient manpower to process samples or imported goods efficiently – Shanghai port officially remains operational but blockages, delays and unstable schedules have been reported. Chinese demand – which had been helping to reduce the southern French red wine inventory at the start of the bulk campaign – is now paused.

Key Takeaways

A frost wave which struck France in early April is expected to have especially impacted the key white-wine producing region of South West; the scale of the damage will be clearer by next month. Inventory of high-quality, high-alcohol 2021 varietal reds is becoming balanced and prices on these are firm; AOP reds and standard-quality reds and rosés remain in more plentiful supply and pricing is sometimes negotiable; supply of organic reds and rosés also remains. Demand from China for red wines has been paused by Shanghai's COVID-19 lockdown. Spiralling supply-chain costs and delays are a growing problem in France as everywhere.

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France: Estimated Market Pricing (EUR per liter; Ex-Winery)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|---------------------|-------------|-------|---------|------------------------|-------------|-------|
| 2021 | Generic White | 0.95 – 1.05 | ↑ | 2021 | Generic Red | 0.75 – 1.00 | ↔ |
| 2021 | Chardonnay IGP | 1.40 – 2.00 | ↑ | 2021 | Cabernet Sauvignon IGP | 0.95 – 1.30 | ↔ |
| 2021 | Chardonnay VDF | 1.40 – 2.00 | ↑ | 2021 | Cabernet Sauvignon VDF | 0.90 – 1.00 | ↔ |
| 2021 | Sauvignon Blanc IGP | 1.30 – 1.50 | ↑ | 2021 | Merlot IGP | 0.90 – 1.20 | ↔ |
| 2021 | Sauvignon Blanc VDF | 1.30 – 1.50 | ↑ | 2021 | Merlot VDF | 0.90 – 1.20 | ↔ |
| 2021 | Generic Rosé IGP | 0.90 – 1.10 | ↔ | 2021 | Syrah / Grenache IGP | 0.90 – 1.30 | ↔ |
| 2021 | Generic Rosé VDF | 0.90 – 1.00 | ↔ | 2021 | Varietal Rosé IGP | 0.95 – 1.20 | ↔ |



Spain

Time on target



HARVEST WATCH: *Helpfully wet March; cold start to April*

After a dry winter, March finally brought some much-needed precipitation to La Mancha and other growing areas of Spain. Rain fell in consistent quantities for two weeks, replenishing the soil and helping resupply reservoirs standing half empty beforehand. The rain became torrential in eastern Spain, in Valencia and Murcia, damaging budbreak in orange and almond groves. April then brought snow to northern Spain; sub-zero night-time temperatures were expected in central regions northward.

The vines have – in the main – been safely sleeping through these heavy rains and cold nights. March was mild but not as hot as in 2021, when early budbreak across Europe was subsequently damaged by April frosts. The greatly inflated cost of energy and petrol is making itself felt in Spain as everywhere else. Independent hauliers went on strike in the second half of March primarily in protest at petrol costs, picketing outside businesses and ports and causing bottlenecks throughout the country's supply chain. Wine loadings were reduced to a fraction of normal, providing transport prices with another upward pressure. Such high transport costs, and the shortage of dry goods such as glass bottles, has led some wine buyers to decide not to take the wine they had contracted.

The transport situation has since improved, and the haulier strike was officially suspended on 2nd April. The gas and electricity situation has made itself particularly felt on Spain's grape juice concentrate and sulfated must markets, where prices have been soaring. Suppliers have in some cases been seeking to renegotiate deals upward in order to cover recently-hiked energy bills that make the old deals untenable.

For hauliers, the GJC industry, and the rest of Spain, some relief may be imminent thanks to moves by the Spanish and Portuguese governments to temporarily deviate their

countries from the EU's Single Market rules on energy prices. Spain and Portugal are less reliant on Russian gas than other EU members and together are world leaders in solar, hydraulic and wind power. Their joint proposal outlining their intention to lower electricity to a maximum of EUR30 per megawatt hour is expected to be approved by the European Commission imminently, potentially lowering electricity bills in Spain by 30-40%. We suspect this will help soften GJC prices slightly – they will remain high, but not as high as today.

The bulk market, meanwhile, is proceeding slowly. Prices have softened slightly on the white wines and premium reds, and concertedly on the generic reds. White wine supply remains, and – with input costs spiralling – some contracts on higher-priced whites will not be activated, with the wine being placed back onto the market. We recommend buyers cover their short to medium-term needs now, and then re-evaluate the situation in a month or two's time after the frost risk has passed. Items growing short in supply are the organic international varietal whites – such as organic Sauvignon Blanc and organic Chardonnay – and buyers seeking these are urged to move sooner rather than later.

We expect the inventory of Spanish generic whites to be enlarged by the Russia-Ukraine conflict, as Russia was an important destination for these wines – either directly from Spain or via other EU countries – before the frontier closed.

With the world gradually emerging from the pandemic, it has gone from famine to feast for networking in the Spanish wine trade: for the first time ever, Spain's largest wine shows – Alimentaria (Barcelona, 4-7th April) and Fenavin (Ciudad Real, 10-12th May) – are taking place in the same year, just weeks apart. Ciatti Spain's David Martin will be at Fenavin and hopes to see you there!

See next page for more on Spain.

Key Takeaways

Spain's bulk market is quiet and supply remains on most items; potential buyers of organic international varietal whites, however, are urged to move sooner rather than later as supply of these is growing short. Prices have softened slightly on white wines and premium reds, and significantly on generic reds. GJC prices have inflated due to soaring energy costs, but it is expected that Spanish electricity bills will be imminently reduced thanks to Spanish-Portuguese moves to deviate from the EU Single Market's energy pricing. A haulier strike in the second half of March – in protest at petrol prices – greatly disrupted the flow of wines but has now ended. March in La Mancha was wet; sub-zero night-time temperatures in April have caused frost concerns.

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Spain: Current Market Pricing (EUR per liter; Ex-Winery)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-------------------------------|-------------|-------|---------|------------------------------|-------------|-------|
| 2021 | Generic White | 0.38 - 0.42 | ↑ | 2021 | Moscatel | 0.55 - 0.65 | ↑ |
| 2021 | White Blends (Higher Quality) | 0.45 - 0.50 | ↔ | 2021 | Generic Red | 0.40 - 0.50 | ↓ |
| 2021 | Sauvignon Blanc | 0.70 - 0.80 | ↑ | 2021 | Generic Red (Higher Quality) | 0.50 - 0.60 | ↑ |
| 2021 | Chardonnay | 0.75 - 0.80 | ↑ | 2021 | Cabernet Sauvignon | 0.55 - 0.65 | ↔ |
| 2021 | Generic Rosé | 0.40 - 0.45 | ↔ | 2021 | Merlot | 0.60 - 0.70 | ↔ |
| 2021 | Varietal Rosé | 0.45 - 0.50 | ↔ | 2021 | Syrah | 0.50 - 0.60 | ↔ |

Italy

Time on target



HARVEST WATCH: *Ongoing drought in the north; no other concerns*



Italy's bulk market currently has two speeds – Prosecco and the rest. March bottlings of Prosecco were up 25% versus March 2021 and the mooted shortage of product before the next vintage becomes available is materializing. Bulk Prosecco prices have passed EUR2.80/litre and this – together with rising dry-good and input costs – will push the final bottle price to a level never seen before. Only time will tell

if the famously robust Prosecco demand stands up to such high pricing.

Activity on all other wines – with the exception of wines from the Valpolicella area and good-quality sparkling white and rosé – has started slowing. Entry-level reds and Primitivo are the categories that appear to be

See next page for more on Italy.

slowing most. Pinot Grigio DOC bottlings also slowed in March, with a 23% drop versus March 2021, but this can be attributable to difficulties in receiving supplies of white bottles and Stelvin closures – the bulk wine market remains active and the availability of these items is limited.

The potential impact to Italian wine exports – directly and indirectly – of the Russia-Ukraine conflict is estimated to be approximately EUR350-400 million, but the impact may be more contained because some buyers for the Russian market are still loading and paying for the wine, albeit with great difficulty.

It is likely that the sheer strength of the sales performance in 2021 – both domestically and for export (see table) – will be difficult, if not impossible, to replicate. The feeling is that 2022 will bring the wine business, in France and Spain as well as in Italy, back to earth with a never-before-seen number of challenges to face.

Looking ahead to Italy's 2022 growing season, the only current problem is the ongoing nature of the severe drought in the north. Temperatures have recently been colder than average, but nothing to worry about thus far.

Key Takeaways

Prosecco is continuing its outstanding growth, with bottlings up 25% in March, bulk prices past EUR2.80/litre, and the likelihood of a shortage before vintage 2022 is ready. Pinot Grigio bottlings were down 23% in March, at least partly attributable to difficulties in procuring dry goods such as glass bottles, and Italy's bulk market is slowing in general, particularly on Primitivo and entry-level wines. Italy like other markets is braced for a 2022 sales performance down on 2021 as the industry faces an unprecedented number of challenges - delays and spiralling costs in the supply chain, inflationary pressure on all inputs, and the potential impact of inflation and soaring fuel and energy bills on consumer confidence.

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Italian wine exports by type January – December

| Type | 2020 | 2021 | Litre Var. % | 2020 | 2021 | Euro Var. % |
|---------------------------------|----------------------|----------------------|--------------|----------------------|----------------------|-------------|
| Sparkling | 408.122.413 | 494.982.296 | 21,3 | 1.473.328.655 | 1.822.453.374 | 23,7 |
| Bottles < 2 litres | 1.197.014.409 | 1.273.899.393 | 6,4 | 4.418.562.306 | 4.871.665.625 | 10,3 |
| <i>Frizzanti</i> | 184.249.663 | 186.433.167 | 1,2 | 433.259.682 | 424.827.072 | -1,9 |
| Still wines | 999.719.730 | 1.070.197.442 | 7,0 | 3.888.695.103 | 4.318.208.316 | 11,0 |
| <i>Passiti and liquor wines</i> | 6.523.818 | 8.249.507 | 26,5 | 60.334.157 | 82.251.167 | 36,3 |
| 2-10 litres | 54.246.215 | 48.668.839 | -10,3 | 112.527.813 | 103.621.953 | -7,9 |
| Bulk | 378.812.831 | 377.275.452 | -0,4 | 270.455.300 | 262.875.096 | -2,8 |
| Must | 30.316.819 | 25.353.804 | -16,4 | 52.174.492 | 52.431.241 | 0,5 |
| Total | 2.068.512.687 | 2.220.179.784 | 7,3 | 6.327.048.566 | 7.113.047.289 | 12,4 |

Source: Osservatorio Uiv – Vinalty – Ismea su base Istat

See next page for more on Italy.

Italy: Current Market Pricing (EUR per liter; Ex-Winery)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|--|-------------|-------|---------|--|-------------|-------|
| 2021 | Generic White (Alc. 10.5%) | 0.50 - 0.65 | ↑ | 2021 | Generic Red (Alc. 11 - 12%) | 0.45 - 0.65 | ↓ |
| 2021 | Generic White (Alc. 11 - 13%) | 0.53 - 0.75 | ↑ | 2021 | Generic Red (Alc. 13%) | 0.75 - 0.95 | ↔ |
| 2021 | Organic Generic White (Alc. 10.5 - 12%) | 0.75 - 0.95 | ↑ | 2021 | Organic Generic Red (Alc. 12.5 - 13%) | 0.90 - 1.20 | ↑ |
| 2021 | Varietal Chardonnay (Alc. 11 - 13%) | 0.90 - 1.10 | ↑ | 2021 | Varietal Cabernet Sauvignon (Alc. 12 - 13%) | 0.90 - 1.10 | ↑ |
| 2021 | Organic Pinot Grigio (Alc. 12%) | 1.35 - 1.50 | ↑ | 2021 | Varietal Merlot (Alc. 12 - 13%) | 0.80 - 1.10 | ↑ |
| 2021 | DOC Pinot Grigio delle Venezie | 1.20 - 1.40 | ↑ | 2021 | Varietal Syrah (Alc. 12 - 13%) | 0.90 - 1.15 | ↔ |
| 2021 | Pinot Grigio IGT (Different Regions) | 1.10 - 1.20 | ↑ | 2021 | Rossissimo (Alc. 12.5 - 14%) | 1.10 - 1.25 | ↔ |
| 2021 | Pinot Grigio IGT (Blends) | 0.75 - 0.90 | ↔ | 2021 | Primitivo IGT Puglia/Salento (Alc. 12.5 - 14%) | 1.50 - 1.75 | ↓ |
| 2021 | DOC Prosecco (Cannot be sold outside of Italy) | 2.80 - 2.90 | ↑ | 2021 | Sangiovese IGT (Alc. 11.50 - 13%) | 0.75 - 0.95 | ↑ |
| 2021 | Soave or Garganega DOC | 0.95 - 1.10 | ↔ | 2021 | Trebbiano IGT (Alc. 10.5 - 12%) | 0.55 - 0.75 | ↑ |
| | | | | 2020 | Chianti DOCG (13 - 13.50%) | 1.90 - 2.10 | ↔ |

**Bottled Price*

South Africa

Time on target



HARVEST WATCH: *Coolness prolonging harvest; crop forecast in line with avg.*

South Africa's harvest was approximately 80% complete by the start of April, running two and – in some areas – three weeks behind a normal schedule due to a much cooler growing and picking season than average, January being especially cool. In addition, early April rainfall is set to prolong the back-end of harvest further, mainly the Colombards and late dry whites.

The crop in the major bulk-producing areas is expected to be down around 5% in size versus 2021 (when the total crop came in at 1.46 million tonnes),

still in line with the ten-year average. Harvest in the smaller Northern Cape area looks to be 20-30% down. The longer ripening process this year appears to have helped grape quality, which looks very good. The harvest has also run smoothly in terms of hand labour and domestic logistics availability.

More of a challenge for the South African wine industry – and the country at large – is the spiralling cost of imported items, diesel and petrol, and energy bills. In the face of this, bulk wine prices remain stubbornly stable at an attractive price, the industry having learnt from past experience

See next page for more on South Africa.

about the risk to market share of upping prices, a particularly important lesson to bear in mind considering the global nature of the inflationary pressure. As mentioned last month, pricing on the international white varietals increased 5-8% between vintages – a reflection of the high demand – but remained stable on the reds and rosés; prices have remained stable since.

International demand for South Africa's bulk wine was quiet in March as the 2022 international varietal whites are already heavily contracted, buyers are assessing the consumer sales picture and carefully calculating what further supplies will be needed through the year. South Africa continues to provide good opportunities on good-quality 2021 vintage Cabernet, Merlot and Shiraz, as well as 2022 Muscat, Chenin Blanc and the remaining uncontracted volumes of international varietal whites. There will be some volumes of 2022 Shiraz rosé and Cinsaut rosé produced, but prospective buyers of these should make their needs known sooner rather than later as availability will not be extensive.

According to industry body VinPro, South Africa's total wine exports reached 395.7 million litres in the 12 months to the end of February 2022, up 20% versus the low base of 330 million litres in the prior 12 months. Bulk exports were up 28% to 247.1 million litres. Shipping out of Cape Town port, as all other ports around the world, continues to be beset by container shortages, loading delays and slow transit times. The message for buyers and sellers continues to be: stay in dialogue with each other, the shipping companies and we at Ciatti in order to help ensure forward momentum on shipping.

There have been media reports of increased Chinese interest in South African wines with which to replace Australian imports, but China continues to be a small export market for the South African wine industry, hindered by entry tariffs. We are working hard through our Ciatti channels to grow the South African portfolio in this important market. Russia, meanwhile, was until two years ago a significant importer of South African bulk white

wines for use in domestic sparkling production until new labelling laws were introduced. Instead, South Africa's bottled exports to Russia grew strongly in recent years – accounting for 5.7 million litres of the total 6.7 million shipped in 2021 – and it is these that will bear the brunt of any trade slowdown due to the Russia-Ukraine conflict.

Domestic consumption in South Africa has bounced back strongly in the past few months following the intermittent prohibition on alcohol sales during 2020 and 2021. Wine sales were up 40% in the 12 months to the end of January 2022 versus the prior 12 months, from 267 million litres to 376 million. This growth figure is assisted by including South Africa's two biggest summer-month sales of December and January. Most of the rebound was accounted for by three and five-litre Tetra Pak and bag-in-box formats. South African entry-level whites have done a good job of regaining domestic market share by being highly price-competitive with imports.

Key Takeaways

A cooler than normal growing and picking period has prolonged South Africa's 2022 harvest but the crop size appears to be in line with the ten-year average and grape quality looks very good. South Africa can offer good-quality 2021 vintage Cabernet, Merlot and Shiraz, and 2022 Muscat and Chenin Blanc; some 2022 international varietal whites also remain. Prices are stable and, in most instances, globally competitive. Buyers seeking 2022 Shiraz rosé and/or Cinsaut rosé should get in touch sooner rather than later as these wines will be produced in limited quantities. South Africa's export shipments and domestic consumption have both bounced back strongly in the past 12 months, a reflection of recovery after the initial COVID-19 shock but also South African wines' improved price competitiveness.

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See next page for pricing.

South Africa: Current Market Pricing (SA Rand per liter, FOB Cape Town)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|-----------------|---------------|-------|---------|--------------------|---------------|-------|
| 2021/22 | Dry White | 5.00 – 6.00 | ↓ | 2021/22 | Generic Red | 8.50 – 9.00 | ↔ |
| 2021/22 | Chardonnay | 10.80 – 11.80 | ↑ | 2021/22 | Cabernet Sauvignon | 11.00 – 13.00 | ↔ |
| 2021/22 | Sauvignon Blanc | 11.00 – 13.50 | ↑ | 2021/22 | Ruby Cabernet | 9.00 – 10.50 | ↔ |
| 2021/22 | Chenin Blanc | 7.20 – 8.25 | ↓ | 2021/22 | Merlot | 11.00 – 12.50 | ↔ |
| 2021/22 | Colombard | 6.00 – 6.50 | ↔ | 2021/22 | Pinotage | 10.00 – 11.50 | ↔ |
| 2021/22 | Muscat | 6.80 – 7.20 | ↑ | 2021/22 | Shiraz | 11.00 – 12.00 | ↔ |
| 2021/22 | Generic Rosé | 6.00 – 6.50 | ↔ | 2021/22 | Cinsaut Rose | 8.35 – 9.00 | ↔ |
| 2021/22 | Cultivar Rosé | 8.20 – 8.50 | ↔ | | | | |

NB: pricing is directly related to remaining available stock and - due to the current short situation - can change without notice

Australia & New Zealand

Time on target

①

HARVEST WATCH: *Fine and mild in Au, reds down 10-15% minimum*

Australia's 2022 harvest is now a good way through red grape intake. All wineries are busy picking and processing; consequently, the market is quiet during this period except for varieties that are difficult to source – Pinot Noir, Pinot Gris and Sauvignon Blanc. The volume of 2022 reds is expected to be down a minimum of 10-15%, possibly more so depending on how much uncontracted fruit will be left on the vine.

Weather conditions have remained fine and mild for most of the wine growing regions. La Niña continues to bring more rain to the already flooded areas of southern Queensland and northern New South Wales. This rain event has travelled south to the main city of Sydney, dumping over 450mm of rain in the month of March in an area that would normally only receive 1,200mm in the entire year.

Negotiations between Australia and China regarding wine tariffs have stalled just as the World Trade

Organisation has appointed the three-person panel to adjudicate on the dispute. This is because Australia, like many other countries, has been calling for China to condemn Russia's invasion of the Ukraine. Business owners fear that responding to China's stance by placing sanctions on Chinese goods will only cause the Australia-China relationship to deteriorate further. There had been the prospect that a change of government in Australia – the country's federal election will be held on 21st May – might open the door to further talks, but this now looks unlikely.

Talks on a Free Trade Agreement – the 'Economic Cooperation & Trade Agreement' (ECTA) – between Australia and India have continued to progress, with both parties signing the formal arrangement. Current tariffs on Australian wine imports into India are approximately 150%, depending on the final destination (city/region) within the country. These duties will undergo a phased reduction over the next 5-10 years on the higher-priced segments. Tariffs on wines with a cost, insurance and freight (CIF) value of over USD5 per bottle (AUD6.65/bottle) will decrease

See next page for more.

to 100% upon the FTA entering into force, dropping 5% each year for the next 10 years to 50%. Tariffs on wines over USD15 per bottle (AUD20.00/bottle) will reduce to 75% upon the FTA entering into force, followed by declines of 5% each year for 10 years to 25%.

Meanwhile, harvesting is almost finished in **New Zealand** as grape growers worked quickly to pick fruit after solid rainfalls during February and March. Disease pressure – powdery mildew and botrytis – has been evident, but many are happy with the quality of the 2022 fruit. Total volumes are yet to be confirmed but it is expected to be larger than 2021’s smaller-sized crush.

Working visa applications in New Zealand have reopened for international labor following the easing of COVID-19 restrictions, but many say it came too late for the grape harvest. Working holiday schemes opened in mid-March for the first time since the pandemic began – a scheme than normally brings

50,000 working holidaymakers to the country, mostly from the UK and Canada. Whilst the reopening of the scheme came as a relief for many agricultural industries, the timing was unhelpful and many business owners will not be able to harness the scheme until next year. The pre-existing labour shortages, coupled with current COVID-19 isolation rules, are making operating any business difficult.

A recent report has illustrated the alcohol industry’s contribution to the New Zealand economy. The sector supplies NZD1.92 billion to the country’s GDP whilst paying NZD1.819 billion in excise tax. Some NZD2.02 billion is also spent on local goods and services and – overall – it generates NZD2.09 billion in exports. Currently there are 1,865 beer, wine and spirit businesses, employing 10,200 people. Another 20,900 are employed indirectly by businesses in the supply chain which includes yeast producers, hops growers, packaging, shipping and logistics. Lastly, some 172,000 hospitality staff are employed in bars, cafes, restaurants and hotels around the country.

Key Takeaways

While the focus is on harvest, Australia’s bulk market is quiet except on those varieties – Pinot Noir, Pinot Gris and Sauvignon Blanc – difficult to source. The 2022 red grape crop is expected to be down at least 10-15% and possibly more so, depending on the level of uncontracted grapes left on the vine. Australia and India have agreed an FTA that will reduce India’s high tariffs on most Australian wine imports in a phased approach over ten years. Dispute resolution between Australia and China regarding tariffs has been complicated by the Russia-Ukraine conflict. New Zealand’s 2022 crop is expected to be larger than 2021’s; high rainfall has led to some disease pressure but many are happy with the quality. Labour shortages – due to the working visa scheme reopening only belatedly – and COVID-19 isolation rules have hindered business.

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Australia: Current Market Pricing (AUD/litre unless otherwise stated)

| Vintage | Variety | Price | Trend | Vintage | Variety | Price | Trend |
|---------|--------------------------|-------------|-------|---------|--------------------|-------------|-------|
| NV | Dry White | 0.85 – 0.95 | ↔ | NV | Dry Red | 0.55 – 0.70 | ↓ |
| 2021 | Chardonnay | 1.00 – 1.15 | ↔ | 2021 | Cabernet Sauvignon | 0.65 – 0.80 | ↓ |
| 2021 | Sauvignon Blanc | 1.35 – 1.50 | ↔ | 2021 | Merlot | 0.65 – 0.80 | ↓ |
| 2021 | Pinot Gris | 1.20 – 1.30 | ↔ | 2021 | Shiraz | 0.65 – 0.80 | ↓ |
| 2021 | NZ Marlborough SB | NA | | 2021 | Muscat | 0.90 – 1.00 | ↔ |

Price stated are indicative only; all offers subject to prior sale and subject to volume, drawdown and terms

Structan

Your sustainable, eco-friendly barrel-ageing alternative



Oak trees have immense cultural significance: often living for up to a thousand years, they symbolise strength and endurance. The most famous oak worshipers were the pagan Druids – ‘Dru’ and ‘Id’ being Ancient Greek for ‘oak’ and ‘spirit’. Their acorns were symbols of fertility and renewal, and an important source of food.

But even more importantly, oak trees are a keystone species for the planet’s wellbeing. They are often an area’s most ecosystem-rich trees. In California’s Central Valley, for example, they support approximately 300 species of bird and animal, 1,100 plants, 370 fungi, and 5,000 insects and invertebrates. And oaks continue to be useful to wildlife even after they die: worms, snails and ants live in decomposing logs and help turn the wood into humus, which enriches the soil.

That’s just the start. With humanity having been forced by COVID-19 to take a breather, our air quality improved and we have come to realise that we can, quite rapidly, tangibly improve the environment. Oaks like other trees sequester carbon in their mass but – due to their often immense size and age – they convert via photosynthesis more quantities of harmful carbon dioxide into oxygen than most other tree species, contributing hugely to the offsetting of rising CO2 emissions. Oak leaves absorb airborne pollutants: one tree can absorb up to 10lbs of air pollution in a single year.

Furthermore, due to the ecosystem-rich nature of oaks, the surrounding soil is immensely dense in organic content which can also sequester high levels of CO2. Finally, if all that were not enough, oaks reduce water pollution by absorbing fertilizer nutrients, pesticides, and other trace contaminants in soil, allowing compounds to break down slowly and be taken up as nutrients. So, when 150-year-old oak trees are cut down in France, or 90-year-old oak trees in the US, to be turned into barrels in which to age wine, is that good guardianship of the environment for the next generation and the generations that come after? Is it really sustainable, with the global population surging from 2.5 billion to 7.5 billion in just 70 years, to fell oaks which – like all trees – are the lungs of the planet and a finite resource? What simple change can you make to improve sustainability around your business and contribute to the environment?

This is where Structan from Stoak Technologies come into their own. Structan contains the same aromatic integrating congeners contained in 150-year-old French oak and 90-year-old American oak but in a highly concentrated and effective, easy-to-dose liquid form. They greatly reduce cost by improving production efficiency and shortening maturation times while still enhancing the structure, flavor, aromatics and color of the wine just as barrel-ageing would. But the attribute of Structan that Stoak is most passionate about is this: while 50 kilograms of wood will make one 300-litre barrel which – if it is used three times – will produce 900 litres of finished product, Structan with the same 50kg of wood can treat 30,000 litres of finished product. And Structan uses less wood than chips and staves which – anyway – have an inconsistent impact, absorb liquid, and require removal.

The United Nations Environment Programme has called for a “transformational and green recovery”, in which new steps by individuals and businesses to help the environment dovetail with the post-COVID-19 economic rebuild. The question every business should now be asking itself is: are we being responsible with the natural resources at our disposal? An easy first step for wineries is to look into Structan, which dramatically reduces the need for oak barrels.

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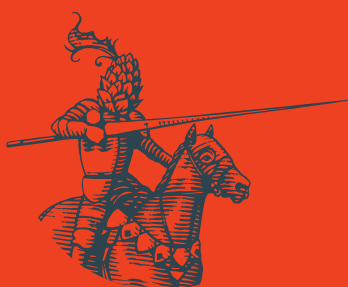
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IBWSS

San Francisco / July 26 & 27, 2022

Grow your bulk wine, bulk spirits, and private label business

The International Bulk Wine and Spirits Show (IBWSS) is an annual trade show and conference, open to trade professionals only, which is set to happen in San Francisco on July 26 & 27, 2022. IBWSS exhibitors are wineries and distilleries looking to sell bulk wine and spirits, producers and negociants who offer contract manufacturing, private label programs and wineries, distilleries, importers who have one time excess stock to clear.

In addition to a wide range of programs running throughout the fair, the trade show will also feature a business conference dedicated to the private label and bulk wine and spirit business. With in-depth market studies and instructional seminars from some of the industry's biggest names, the central part of the conference's remit is to encourage sustainable growth and profitability in the bulk wine and spirit sector.

WHATS ON AT IBWSS

- Expo Floor
- Conference



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Export Pricing: USD per liter

Currency Conversion Rates as of April 13, 2022

| Argentina (Pricing in bulk; FCA) | | | | | | | | | | | |
|----------------------------------|------------------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
| 2021 | Generic White (Basic) | 0.75 | - | 0.85 | ↑ | 2021 | Generic Red | 0.85 | - | 0.95 | ↑ |
| 2021 | Generic White Standard | 0.80 | - | 0.90 | ↑ | 2020/21 | Cabernet Sauvignon | 1.30 | - | 1.50 | ↑ |
| 2021 | Muscat | 0.85 | - | 0.95 | ↑ | 2020/21 | Merlot | 1.20 | - | 1.50 | ↑ |
| 2021 | Torrontes | 0.90 | - | 1.00 | ↑ | 2020/21 | Syrah | 1.10 | - | 1.20 | ↑ |
| 2021 | Sauvignon Blanc | 1.40 | - | 1.60 | ↑ | 2020/21 | Malbec Standard | 1.10 | - | 1.30 | ↑ |
| 2021 | Chardonnay | 1.50 | - | 1.70 | ↑ | 2020/21 | Malbec Premium | 1.40 | - | 1.70 | ↑ |
| 2020/21 | Bonarda | 0.95 | - | 1.05 | ↑ | 2020/21 | Malbec High End | 1.90 | - | 2.50 | ↑ |
| | | | | | | 2020/21 | Tempranillo | 0.95 | - | 1.05 | ↑ |

White Grape Juice Concentrate (per metric ton in bulk): 1,400-1,500 (FCA Plant)

| Australia & New Zealand (Pricing in bulk; FCA) | | | | | | | | | | | |
|--|-------------------|-------|---|------|-------|---|--------------------|-------|---|------|-------|
| | | | | | | AUD Rate: 0.741860 / NZD Rate: 0.675032 | | | | | |
| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
| NV | Dry White | 0.63 | - | 0.70 | ↔ | NV | Dry Red | 0.41 | - | 0.52 | ↓ |
| 2021 | Chardonnay | 0.74 | - | 0.85 | ↔ | 2021 | Cabernet Sauvignon | 0.48 | - | 0.59 | ↓ |
| 2021 | Sauvignon Blanc | 1.00 | - | 1.11 | ↔ | 2021 | Merlot | 0.48 | - | 0.59 | ↓ |
| 2021 | Pinot Gris | 0.89 | - | 0.96 | ↔ | 2021 | Shiraz | 0.48 | - | 0.59 | ↓ |
| 2021 | NZ Marlborough SB | | - | | | 2021 | Muscat | 0.67 | - | 0.74 | ↔ |

| California (Pricing in bulk; FCA) | | | | | | | | | | | |
|-----------------------------------|-----------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
| 2020 | Generic White | 0.95 | - | 1.05 | ↔ | 2020 | Generic Red | 1.00 | - | 1.15 | ↑ |
| 2020 | Chardonnay | 1.20 | - | 1.59 | ↔ | 2020 | Cabernet Sauvignon | 1.15 | - | 1.25 | ↔ |
| 2020 | Pinot Grigio | 1.30 | - | 1.59 | ↔ | 2020 | Merlot | 1.15 | - | 1.40 | ↑ |
| 2020 | Muscat | 1.15 | - | 1.45 | ↑ | 2020 | Pinot Noir | 1.40 | - | 1.85 | ↔ |
| 2020 | White Zinfandel | 1.05 | - | 1.15 | ↑ | 2020 | Syrah | 1.05 | - | 1.45 | ↔ |
| 2020 | Colombard | 0.95 | - | 1.00 | ↔ | 2020 | Ruby Cabernet | 1.00 | - | 1.10 | ↔ |
| | | | | | | 2020 | Zinfandel | 1.25 | - | 1.65 | ↔ |

| Chile (Pricing in bulk; FOB Chilean Port) | | | | | | | | | | | |
|---|------------------------------|-------|---|------|-------|---------|------------------------------------|-------|---|------|-------|
| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
| NV | Generic White | 0.70 | - | 0.75 | ↑ | NV | Generic Red | 0.60 | - | 0.67 | ↔ |
| 2022 | Chardonnay | 1.05 | - | 1.10 | ↔ | 2021/22 | Cabernet Sauvignon (Basic) | 0.65 | - | 0.75 | ↔ |
| 2022 | Sauvignon Blanc | 1.05 | - | 1.15 | ↔ | 2021/22 | Cabernet Sauvignon (Varietal Plus) | 0.80 | - | 0.90 | ↔ |
| 2022 | Sauvignon Blanc Cool Climate | 1.35 | - | 2.00 | ↔ | 2021/22 | Merlot | 0.68 | - | 0.75 | ↔ |
| 2021/22 | Carmenere | 0.73 | - | 0.82 | ↔ | 2021/22 | Malbec | 0.75 | - | 0.85 | ↔ |
| 2022 | Pinot Noir | 1.00 | - | 1.20 | ↔ | 2021/22 | Syrah | 0.68 | - | 0.72 | ↔ |

France (Estimated Pricing in bulk; Ex-Winery)

Rate: 1.084606

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|---------------------|-------|---|------|-------|---------|--------------------------|-------|---|------|-------|
| 2021 | Generic White | 1.03 | - | 1.14 | ↑ | 2021 | Generic Red | 0.81 | - | 1.08 | ↔ |
| 2021 | Chardonnay IGP | 1.52 | - | 2.17 | ↑ | 2021 | Cabernet Sauvignon IGP | 1.03 | - | 1.41 | ↔ |
| 2021 | Chardonnay VDF | 1.52 | - | 2.17 | ↑ | 2021 | Cabernet Sauvignon VDF | 0.98 | - | 1.08 | ↔ |
| 2021 | Sauvignon Blanc IGP | 1.41 | - | 1.63 | ↑ | 2021 | Merlot IGP | 0.98 | - | 1.30 | ↔ |
| 2021 | Sauvignon Blanc VDF | 1.41 | - | 1.63 | ↑ | 2021 | Merlot VDF | 0.98 | - | 1.30 | ↔ |
| 2021 | Generic Rosé IGP | 0.98 | - | 1.19 | ↔ | 2021 | Red Syrah / Grenache IGP | 0.98 | - | 1.41 | ↔ |
| 2021 | Generic Rosé VDF | 0.98 | - | 1.08 | ↔ | 2021 | Varietal Rosé IGP | 1.03 | - | 1.30 | ↔ |

Italy (Pricing in bulk; Ex-Winery)

Rate: 1.084606

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|--|-------|---|------|-------|---------|--|-------|---|------|-------|
| 2021 | Generic White (Alc. 10.5%) | 0.54 | - | 0.70 | ↑ | 2021 | Generic Red (Alc. 11 - 12%) | 0.49 | - | 0.70 | ↓ |
| 2021 | Generic White (Alc. 11 - 13%) | 0.57 | - | 0.81 | ↑ | 2021 | Generic Red (Alc. 13%) | 0.81 | - | 1.03 | ↑ |
| 2021 | Organic Generic White (Alc. 10 - 12%) | 0.81 | - | 1.03 | ↑ | 2021 | Organic Generic Red (Alc. 12.5 - 13%) | 0.98 | - | 1.30 | ↑ |
| 2021 | Varietal Chardonnay (Alc. 11 - 13%) | 0.98 | - | 1.19 | ↑ | 2021 | Varietal Cabernet Sauvignon (Alc. 12 - 13%) | 0.98 | - | 1.19 | ↑ |
| 2021 | Organic Pinot Grigio (Alc. 12%) | 1.46 | - | 1.63 | ↑ | 2021 | Varietal Merlot (Alc. 12 - 13%) | 0.87 | - | 1.19 | ↑ |
| 2021 | DOC Pinot Grigio delle Venezie | 1.30 | - | 1.52 | ↑ | 2021 | Varietal Syrah (Alc. 12 - 13%) | 0.98 | - | 1.25 | ↔ |
| 2021 | Pinot Grigio IGT (Different Regions) | 1.19 | - | 1.30 | ↑ | 2021 | Rossissimo (Alc. 12.5%) | 1.19 | - | 1.36 | ↔ |
| 2021 | Pinot Grigio IGT (Blends) | 0.81 | - | 0.98 | ↔ | 2021 | Primitivo IGT Puglia/Salento (Alc. 12.5 - 14%) | 1.63 | - | 1.90 | ↓ |
| 2021 | DOC Prosecco (Cannot be sold outside of Italy) | 3.04 | - | 3.15 | ↑ | 2021 | Sangiovese IGT (Alc. 11.50 - 13%) | 0.81 | - | 1.03 | ↑ |
| 2021 | Soave or Garganega DOC | 1.03 | - | 1.19 | ↔ | 2021 | Trebbiano IGT (Alc. 10.5 - 12%) | 0.60 | - | 0.82 | ↑ |
| | | | | | | 2021 | Chianti DOCG (Alc. 13 - 13.5%) | 2.06 | - | 2.28 | ↔ |

***Bottled Price**

0.89

South Africa (Pricing in bulk; FOB Cape Town)

Rate: 0.068766

| Vintage | Variety | Price | | | Trend | Vintage | Variety | Price | | | Trend |
|---------|-----------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| 2021/22 | Generic White | 0.34 | - | 0.41 | ↓ | 2021/22 | Generic Red | 0.58 | - | 0.62 | ↔ |
| 2021/22 | Chardonnay | 0.74 | - | 0.81 | ↑ | 2021/22 | Cabernet Sauvignon | 0.76 | - | 0.89 | ↔ |
| 2021/22 | Sauvignon Blanc | 0.76 | - | 0.93 | ↑ | 2021/22 | Ruby Cabernet | 0.62 | - | 0.72 | ↔ |
| 2021/22 | Chenin Blanc | 0.50 | - | 0.57 | ↓ | 2021/22 | Merlot | 0.76 | - | 0.86 | ↔ |
| 2021/22 | Colombard | 0.41 | - | 0.45 | ↔ | 2021/22 | Pinotage | 0.69 | - | 0.79 | ↔ |
| 2021/22 | Muscat | 0.47 | - | 0.50 | ↑ | 2021/22 | Shiraz | 0.76 | - | 0.83 | ↔ |
| 2021/22 | Generic Rosé | 0.41 | - | 0.45 | ↔ | 2021/22 | Cinsaut Rosé | 0.57 | - | 0.62 | ↔ |
| 2021/22 | Cultivar Rosé | 0.56 | - | 0.58 | ↔ | | | | | | |

| Spain (Pricing in bulk; Ex-Winery) | | | | | | | Rate: 1.084606 | | | |
|------------------------------------|-------------------------------|-------|--------|-------|---------|------------------------------|----------------|--------|-------|--|
| Vintage | Variety | Price | | Trend | Vintage | Variety | Price | | Trend | |
| 2021 | Generic White | 0.41 | - 0.46 | ↑ | 2021 | Generic Red | 0.43 | - 0.54 | ↓ | |
| 2021 | White Blends (Higher Quality) | 0.49 | - 0.54 | ↔ | 2021 | Generic Red (Higher Quality) | 0.54 | - 0.65 | ↑ | |
| 2021 | Sauvignon Blanc | 0.76 | - 0.87 | ↑ | 2021 | Cabernet Sauvignon | 0.60 | - 0.70 | ↔ | |
| 2021 | Chardonnay | 0.81 | - 0.87 | ↑ | 2021 | Merlot | 0.65 | - 0.76 | ↔ | |
| 2021 | Generic Rosé | 0.43 | - 0.49 | ↔ | 2021 | Syrah | 0.54 | - 0.65 | ↔ | |
| 2021 | Varietal Rosé | 0.49 | 0.54 | ↔ | 2021 | Moscatel | 0.60 | - 0.70 | ↑ | |



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