



# *Global Market Report*

**March 2019**  
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**Ciatti Global Wine  
& Grape Brokers**

201 Alameda Del Prado #101  
Novato, CA 94949  
Phone (415) 458-5150



## March 2019

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Ciatti will have stands at ProWein and China Food & Drink. At Vinitaly, please see Florian Ceschi:



Florian Ceschi  
T. +33682763912  
E. Florian@ciatti.fr

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Spring is getting underway in the Northern Hemisphere and the show season is upon us: ProWein, China Food & Drink Fair and Vinitaly are all imminent while IBWSS London will have just ended by the time you read this – Ciatti will of course be present at all. ProWein will provide the first big industry get-together since the World Bulk Wine Exhibition in Amsterdam last November and – with the Southern Hemisphere's harvests now concluding and the buying campaign on the 2018 Northern Hemisphere wines in full swing – it will help provide clarity on the global bulk wine picture.

The picture at the moment is mixed: the overall trend is slower buying activity and softer prices after the big 2018 harvests. This trend is not a uniform one in each market, however: in Italy, for example, activity on international varietals and generic reds is more normal, with only the generic white market slow; in France, organic wines are sold out and the best quality varietal reds and whites are moving quickly; there is a good level of activity in Australia; the Western Cape market, meanwhile, has been quiet because its 2018 carryover stock was almost completely sold out months ago; Chile's prices are showing a slight upward tendency. In short, it is perhaps an oversimplification to say there is a glut of bulk wine around the world right now: instead, activity has returned to something like a normal pace after more feverish markets in 2017 and 2018, and buyers seeking specific, good quality wines need to be just as attentive as they've always been.

The Southern Hemisphere harvests have been underway for a few weeks now and we are beginning to see a pattern emerge: grapes are coming in lighter than first forecast in Chile, the Western Cape and New Zealand, and well below estimates in some areas of Southern Australia. Argentina's crop has been revised downward, though only slightly. The main cause of these lighter than expected returns is heat and/or drought – in the Western Cape's case, a hangover from the province's longstanding severe drought that ended in 2018. Heat even brought summer to a European February this year ("Where's Winter?" read one headline), with record monthly temperatures of 20°C+ set in areas of France and Spain. Any deleterious impact that this episode had on the vineyards is as yet unknown.

Want to know more? Read on, and **come see us at ProWein: we will be, as ever, in Hall 9 on stand A13. Heading to Chengdu for China Food & Drink? We will be in Hall 13, on stand 13C038T. Finally, Ciatti Europe's Florian Ceschi will be at Vinitaly: should you have any needs, please feel free to contact him via cell phone, +33682763912, or email: florian@ciatti.fr.**

*Robert Selby*

# California

## *Time on target*



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**HARVEST WATCH:** *2018 yield estimated at a record 4.4 million tons*

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**Now is an opportune time for international buyers who wish to start a ‘California’ wine program – or even a Coastal appellation program – to register their interest, either on grapes or bulk wine, as prices have softened in California to their lowest level in five years. The state’s suppliers are open to doing export business and we have seen some signs that international buyers are surveying the marketplace with the idea of potentially starting new, small-scale Californian wine programs.**

In addition, the downward price trend could provide existing buyers of ‘California’ appellation wine with the opportunity to – temporarily at least – increase the proportion of Coastal appellation wine going into their blends without the need to change their cost structure. There are also some potential opportunities on Oregon 2018 Pinot Noir, for those interested in a premium product at a potentially reduced price.

The market across California registered a small uptick in activity in the past month, with some potential buyers seeking 2017 red wines and 2018 whites, or looking to renegotiate grape contracts to take into account the new market realities. The Central Valley market has felt less sluggish than on the Coast, with inventory feeling less big in this region and normal levels of activity taking place on 2018 Pinot Grigio, Chardonnay and Sauvignon Blanc, just slightly behind schedule, suggesting the 2017 whites took a little extra time to work through. Domestic buyers of bulk white wines are seeking quick turnaround times between sealing the deal, taking possession of the wine and bottling it – again, suggestive of an inventory build-up making storage space difficult.

Interest in the remaining 2017 bulk red wines has also registered an uptick. On both reds and whites, we have

seen that those buying in the Central Valley are mainly traditional customers. It should be noted that the Central Valley, like the Coast, has increasingly focused on producing the big four varieties – Cabernet, Pinot Noir, Chardonnay and Pinot Grigio – in recent years, so volume and choice on some of the other varieties is not as plentiful as the overall market pace might suggest. As we pointed out last month, inventory of Merlot, for example, is lower now than it was in apparently less plentiful years back in 2015 and 2016.

In February the US and UK signed a Mutual Recognition Agreement, one of 36 MRAs planned by the UK government as part of its moves to reassure its non-EU trading partners of trade continuity regardless of what happens with Brexit. Part of the US-UK MRA was an ‘Agreement on Trade in Wine’ which “includes commitments regarding wine-making practices and labeling requirements, [and] will ensure market continuity for bilateral wine trade,” the Office for the US Trade Representative said. “The UK was the fourth-largest export market for US wine products in 2017, with a value of USD227 million.”

February was a rainy month in California’s growing areas – mainly in the Coast – with several “atmospheric rivers” bringing colder than average temperatures and significant precipitation that has saturated the ground, as well as boosting the Sierra Nevada snowpack to 153% of average by the start of March. This has probably removed water reserves as a topic of concern as the growing season gets underway: according to meteorologist Gregory Jones of Oregon’s Linfield College, the “drought footprint in California is now the lowest it has been in nearly ten years”. March is forecast to bring average to above-average rainfall to California. The cold and wet conditions have kept premature budbreak at bay.

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

*See next page for more on California.*



# Key Takeaways

With pricing across the state at its lowest level in five years, now is an opportune time for those international buyers seeking to start new Californian wine programs to cover their needs on spot or secure contracts lasting a year or more. There are some small-scale opportunities on good quality Coastal and 'California' appellation bulk wines, particularly on Cabernet (2018 and older), as well as 2018 Pinot Noir from Oregon for those buyers seeking a premium product.

## Ciatti Contacts

### Import/Export

CEO – Greg Livengood  
Steve Dorfman  
T. +415 458-5150  
E. greg@ciatti.com  
E. steve@ciatti.com

### Domestic

T. +415 458-5150  
John Ciatti – john@ciatti.com  
Glenn Proctor – glenn@ciatti.com  
John White – johnw@ciatti.com  
Chris Welch – chris@ciatti.com

## California: Current Export Market Pricing (USD per liter)

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.85 – 0.99	↔	2018	Generic Red	0.85 – 1.05	↔
2018	Chardonnay	1.32 – 1.98	↔	2017/18	Cabernet Sauvignon	1.25 – 1.85	↓
2018	Pinot Grigio	1.19 – 1.72	↔	2018	Merlot	1.18 – 1.58	↔
2018	Muscat	1.12 – 1.45	↔	2018	Pinot Noir	1.59 – 2.11	↓
2018	White Zinfandel	0.80 – 0.99	↔	2018	Syrah	1.10 – 1.58	↔
2018	Colombard	0.86 – 1.12	↔	2018	Ruby Cabernet	0.95 – 1.05	↔
				2017/18	Zinfandel	1.18 – 1.85	↔



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# Argentina

## *Time on target*



**HARVEST WATCH:** *Expected at approx. 2.4-2.5 million metric tons*

Harvest weather in Mendoza has been very good and grape yields are coming in normal from the main bulk-producing region in the east. The whites – Chardonnay, Sauvignon Blanc and the sparkling bases – are coming in at the normal, 20kg+ box weights. The early reds such as Tempranillo and Merlot are just starting to be picked and are also looking normal. In February the authorities estimated the total 2019 harvest at 2.35-2.45 million metric tons – slightly below the previous expectation of 2.5-2.6 MMT – and Ciatti sees 2.4-2.5 MMT.

The market in Argentina continues to be quiet: we have seen some international buyers – namely from Canada and Africa – come in and show interest and/or take positions on bulk wine or **grape juice concentrate**, but activity is not huge. With big volume available, all prices in Argentina are open to negotiation. Basic generic white bulk wine is at USD0.22/litre; dry red is at USD0.28/litre; standard 2018 Malbec is at USD0.75-0.85/litre.

At the end of February, the government of Mendoza announced a three-pronged approach to assist the province's wine industry, suffering as it is from a lack of cashflow due to slow sales as well as rising input costs due to the struggling national economy. The Mendoza administration is 1) offering loans to growers (at an interest rate of 29%, significantly below Argentina's official interest rate of around 56%), 2) is to commence

buying grapes itself, and 3) will be offering 'assistance' to exporters – though what that will be remains unknown. Point two would have the biggest impact on the marketplace but it will take time to implement and is only in its very early stages, with growers being encouraged to contact the government and begin tender paperwork.

The federal government, meanwhile, announced on 27 February that to help stimulate the economy it would be handing out USD2.35 billion of loans to the country's small and medium-sized private businesses at interest rates between 25% and 29%. The government is struggling between keeping interest rates under control on the one hand, and on the other keeping the peso-dollar exchange – which moved to around ARS42.50/dollar on 8 March – under control in order to rein in inflation. Inflation in January was at 2.9%, February likely above 3%: the government had forecasted inflation at around 25% for the full year.

## *Key Takeaways*

**Argentina's big volumes of bulk wine and grape juice concentrate continue to be available at highly aggressive pricing open to negotiation: give Ciatti a call for the latest. The 2019 harvest is sunning smoothly and expected to come in at around 2.4-2.5 million metric tons. The country's economic problems continue, with high levels of inflation and very high interest rates.**

*Ciatti  
Contact*

Eduardo Conill  
T. +54 261 420 3434  
E. [eduardo@ciatti.com.ar](mailto:eduardo@ciatti.com.ar)



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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White (Basic)	0.22 – 0.24	↓	2018	Generic Red	0.28 – 0.30	↓
2018	Generic White (Standard)	0.24 – 0.36	↓	2018	Cabernet Sauvignon	0.60 – 0.70	↓
2018	Muscat	0.30 – 0.35	↓	2018	Merlot	0.50 – 0.60	↓
2018	Torrontes	0.40 – 0.45	↓	2018	Syrah	0.50 – 0.60	↓
2018	Sauvignon Blanc	0.60 – 0.65	↓	2018	Malbec Standard	0.75 – 0.85	↓
2018	Chardonnay	0.60 – 0.70	↓	2018	Malbec Premium	0.90 – 1.00	↓
2018	Bonarda	0.35 – 0.45	↓	2018	Malbec High End	1.20 – 2.00	↓
2018	Tempranillo	0.35 – 0.45	↓				
White Grape Juice Concentrate <i>*Per metric ton in bulk</i>		925.00		Red Grape Juice Concentrate (Color 1,000) <i>*Per metric ton in bulk</i>		1,300.00	

# Chile

## Time on target



**HARVEST WATCH:** *Coming in shorter than expected*

Chile's 2019 crop is coming in shorter than expected – though how much shorter is not yet clear. Bunches on Chardonnay came in lighter in weight, and similar has been seen on other whites such as Sauvignon Blanc. The early red, Tintorera, has also come in lighter, lowering volume expectations on the other reds such as Merlot and Cabernet, yet to be picked. Weather conditions have been normal, though there have been reports of light rainfall in the Curicó region.

Last month we suggested that a price rise in Chile was as probable as a further price drop, and indeed news of the shorter harvest has combined with a big recent uptick in domestic demand (as buyers who held off

move back onto the market to secure 2018 wines, 2019 grapes and wines) and recent renewed international interest, to increase prices on Chile's remaining uncontracted 2019 grapes. After a period of quiet, Chile's market is busy.

The price increase is most marked on 2019 Chardonnay grapes – which are receiving a lot of interest from foreign and domestic buyers and disappearing quickly – and Tintorera grapes, with a smaller increase on Merlot and Cabernet. The Sauvignon Blanc grape price has remained flat, however, as there is a good supply of 2018 Sauvignon Blanc still available on the market. There are opportunities on this varietal, with prices open to negotiation.

With prices rising slightly on Chile's 2019 grapes, prices on its wines are flat or, in some cases, showing a slight upward tendency, though it's still early days as

*See next page for more on Chile.*



transactions are getting underway. Sensing this upward movement, suppliers are slightly more hesitant to sell.

Chile's prices, however, remain highly attractive and competitive versus the rest of the world, so – with increased interest and prices firm to rising – now is a good time for buyers to come onto the market to secure remaining 2018 wines or contract 2019 grapes/wines.

The Chilean peso has been remarkably steady against the US dollar recently, averaging CLP656/dollar in the past five weeks. This is down from CLP677/dollar in January and CLP681/dollar in December.

## Key Takeaways

With an uptick in foreign and domestic demand in recent weeks, and news that its 2019 crop is coming in shorter than expected, Chile's 2019 grape and wine prices are showing an upward tendency. With that in mind, and with prices still highly competitive, now is a good time for potential buyers to come onto the market in search of what they need. There are opportunities in particular on 2018 Sauvignon Blanc, with prices open to negotiation.

## Ciatti Contact

Marco Adam  
T. +56 2 2363 9206 – or –  
T. +56 2 2363 9207  
E. madam@ciattichile.cl

Chile: Current Market Pricing (Pricing in bulk; FOB Chilean Port)							
Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
NV	Generic White	0.45 – 0.50	↔	NV	Generic Red	0.48 – 0.55	↔
2019	Chardonnay	0.80 – 0.90	↑	2019	Cabernet Sauvignon (Basic)	0.68 – 0.75	↔ ↑
2018	Sauvignon Blanc	0.68 – 0.75	↔	2019	Cabernet Sauvignon (Varietal Plus)	0.75 – 0.95	↔
2019	Sauvignon Blanc	0.75 – 0.85	↔	2019	Merlot	0.70 – 0.78	↔ ↑
2019	Syrah	0.67 – 0.75	↔	2019	Malbec (Basic)	0.85 – 0.90	↔
2019	Carmenere	0.85 – 0.95	↑	2019	Pinot Noir	0.85 – 0.95	↔

Chilean Export Figures							
Wine Export Figures	January 2018 - January 2019			January 2018 - January 2019			Volume
	Million Liters	Million US\$ FOB	Average Price	Million Liters	Million US\$ FOB	Average Price	Variance %
Bottled	45,72	144,60	3,16	44,08	142,38	3,23	-3,60
Bulk	24,13	23,10	0,96	38,03	40,02	1,05	57,55
Sparkling Wines	0,37	1,73	4,72	0,33	1,34	4,02	-8,97
Packed Wines	2,87	4,92	1,71	1,31	2,35	1,78	-54,20
<b>Total</b>	<b>73,10</b>	<b>174,34</b>	<b>2,64</b>	<b>83,75</b>	<b>186,09</b>	<b>2,52</b>	<b>-14,58</b>



# France

## *Time on target*

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**HARVEST WATCH:** *Unseasonably warm and dry February*

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The market in southern France is proceeding steadily. The fastest moving items have been the good quality 2018 varietal white wines – such as Chardonnay and Sauvignon Blanc – as well as the IGP Languedoc or southern French rosés, as buyers of these have been eager to ensure they do not run out of supply like they did before the 2018 harvest. This, combined with the heterogenous quality of the 2018 crop, means buyers in need of these wines in the best qualities should not wait to commit.

The market for the red varietals is now underway and – with standard quality Cabernet, Merlot and Shiraz in ample supply – buyers are seeking to cover their short and medium-term needs only. The best qualities have already been sold, but there remains a good level of choice on the market and some price flexibility.

Overall, loadings this buying campaign have been running at a regular pace, with some months busier than others. January, for instance, was a very good month for loadings, while February was quiet as the collected wines moved through the supply chain and the final retail stats analysed. February, incidentally, could have been a good month for sales of whites and rosés, with unseasonably warm weather across France (see below) coinciding with the school holidays.

There are good opportunities to be hand up in Bordeaux, meanwhile, on AOP red wines, with older vintages available as well as a good amount of 2018 wines. Bordeaux's sales to China in 2018 were not as strong as hoped due to high prices and, likely, the slowing of the Chinese economy, so there are now wines available at prices open to negotiation. This is attracting back domestic business, freeing up southern

French AOP wines such as AOP Languedoc reds from Corbières and AOP Côtes du Rhône reds from Costières de Nîmes: pricing on these is open to negotiation.

Meanwhile, interest in HEV-certified (High Environmental Value) wines as an alternative to organic wines – which are sold out – has continued. The tricky part is that many growers involved in the environmentally-friendly approach are certified as 'HEV 3'. Many buyers, however, are seeking wines that fall under the respected 'Terra Vitis' certification for sustainable social, environmental and economic development, or other similar certifications such as 'Agri Confiance' or 'Vignerons en Développement Durable'. The 'HEV 3' level of certification is not necessarily equivalent to Terra Vitis or these others certifications, which are normally chosen by growers who reach the 'HEV 2' level. This is thus adding another level of certification within the HEV certification process. However, big buyers are beginning to work in close partnership with growers to ensure a stable and secure long-term supply of HEV 2 wines, so it can be said that the organic/Terra Vitis/HEV 2 market is beginning to get more organised. Buyers interested in developing these product categories in the coming month/years are strongly encouraged to work on the same mid to long-term basis with growers.

The second half of February in France, as across the rest of western Europe, was unseasonably warm due to a stagnant anticyclone system that locked-in summer-like temperatures coming north from Africa – up to 20°C in some areas during the day. This raised concerns regarding premature vine development before frost risk had passed, and growers got to work pruning in the vineyards. February was also unseasonably dry, with some areas having not received enough water replenishment as March came around.

*See next page for more on France.*



# Key Takeaways

Buyers of France's good quality 2018 varietal white wines, and of its IPG Languedoc rosés, should not wait to move onto the market, as availability of these is reducing steadily. The varietal reds market is moving slower, with a good level of choice and price flexibility. There are opportunities on AOP Bordeaux reds, both in terms of volumes and pricing, as the region's sales have been disappointing; this in turn frees-up more AOP Languedoc and AOP Côtes du Rhône reds for the marketplace.

## Ciatti Contact

Florian Ceschi  
T. +33 4 67 913532  
E. Florian@ciatti.fr

### 2018 French Harvest Estimate by Acre (AGRESTE, 1st October 2018, UNIT : 1,000 HECTOLITRES)

REGION	5-YEAR AVERAGE	2017	2018	2018/17	2018/AVERAGE
Champagne	2,511	2,238	3,497	56%	39%
Bourgogne-Beaujolais	2,221	2,204	2,665	21%	20%
Alsace	1,038	919	1,172	28%	13%
Savoie	107	97	117	20%	9%
Jura	71	46	117	154%	66%
Val de Loire	2,507	2,214	3,002	36%	20%
Charentes	8,162	6,877	8,915	30%	9%
Sud-Ouest	3,325	3,001	3,556	19%	7%
Bordelais	5,134	3,691	5,600	52%	9%
Languedoc-Rousillon	12,548	10,440	12,300	18%	-2%
Corse	334	288	315	10%	-5%
Sud-Est	5,292	4,268	4,708	10%	-11%

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White	0.65 – 0.80	↓	2018	Generic Red	0.65 – 0.80	↔
2018	Chardonnay IGP	0.95 – 1.10	↓	2018	Cabernet Sauvignon IGP	0.90 – 1.10	↔
2018	Chardonnay VDF	0.90 – 1.05	↓	2018	Cabernet Sauvignon VDF	0.85 – 0.90	↔
2018	Sauvignon Blanc IGP	0.95 – 1.10	↓	2018	Merlot IGP	0.85 – 1.00	↔
2018	Sauvignon Blanc VDF	0.90 – 1.00	↓	2018	Merlot VDF	0.80 – 0.85	↔
2018	Generic Rosé IGP	0.85 – 1.00	↓	2018	Syrah / Grenache IGP	0.85 – 1.00	↔
2018	Generic Rosé VDF	0.80 – 0.90	↓	2018	Varietal Rosé IGP	0.85 – 1.10	↓



# Spain

## *Time on target*



**HARVEST WATCH:** *Unseasonably warm and dry February*

The estimate of Spain's 2018 crop has been revised upward to almost 50 million hectolitres, which would make it almost 25% larger than the 2017 crop. With plentiful volumes on all bulk wine qualities in Spain, prices are open to negotiation. The market has softened quickest on white wines, but red and rosé prices are not far behind.

Spanish generic white wine is available in some instances at EUR0.25/litre, an unbeatable price for European buyers. Its generic red wines are at EUR0.30-0.32/litre; prices on the remaining varietal reds are also softening, with good opportunities still to be had on Cabernet, Merlot and Shiraz.

With prices so aggressive, bulk buyers out of Spain have the luxury of being able to be choosy on quality and still pay out less than last year, boosting the price-quality ratio of their wine brands. In short, the Spanish market has returned to normality after a big crop and is once again the land of bulk wine opportunity.

As mentioned last month, the market is experiencing two speeds, with the prices offered by the co-ops ultra-competitive, softening, and open to negotiation. The bulk négociants, meanwhile, are selling at slightly higher prices, but can offer better quality wines and longer shipping periods.

Spain's suppliers are now eager to see how pricing in Chile reacts to the country's ongoing 2019 harvest, something which should be clearer from ProWein

onward. If Chile's harvest is good-sized and prices there remain aggressive, Chile and Spain will fight it out for the attentions of US and Canadian buyers.

Spain's generic white grape juice concentrate is available in good volumes and softening in price. Ciatti does not expect white GJC pricing to soften at the same rate as generic white wine pricing, however, because the GJC output rise has not been commensurate with the overall 25% grape harvest increase and because the most basic and the cheapest qualities have been sold out. Suppliers of Spanish GJC are confident that, with the quality of their product good, they can retain historical clients despite some competitive pricing elsewhere around the world.

As across Western Europe, Spain experienced summer-like temperatures in the second half of February due to an anticyclone, but it is not yet known if there has been any deleterious impact to the vineyards. Rainfall levels have continued to be below-average during a very dry winter. A lot can happen between now and the flowering stage in May – better rainfall perhaps, or drought, or frost – that could affect the Spanish market trends.

Spain's international varietal organic wines are sold out: only generic or Spanish varietal organic wines remain on the market. There is plenty of conventional rectified **grape juice concentrate** available on the market – less so organic GJC – and the price is softening month on month.

Spain has been receiving the same wet and windy winter weather as elsewhere in Europe. A further downward price correction in Spain is contingent on what conditions are like during vine development and flowering in the spring. The wet winter has helped replenish water reserves in the growing areas.

*See next page for more on Spain.*

# Key Takeaways

Spain is the land of opportunity as far as European bulk wine buyers are concerned, with highly aggressive pricing, particularly on generic white. There continues to be opportunities and some price softening on international varietal reds such as Cabernet, Merlot and Shiraz. Spain also possesses competitively-priced, good quality white GJC in good volumes. With a 2018 crop estimated at close to 50 million hectolitres, a 25% boost on the 2017 figure, all prices in Spain are open to negotiation.

## Ciatti Contact

Nicolas Pacouil  
T. +33 4 67 913531  
E. nicolas@ciatti.fr

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

Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.35	-	0.45	↓	2017	Moscatel	0.50	-	0.70	↓
2017	White Blends (Higher Quality)	0.45	-	0.55	↓	2017	Generic Red	0.40	-	0.60	↓
2017	Sauvignon Blanc	0.65	-	0.80	↓	2017	Generic Red (Higher Quality)	0.50	-	0.70	↓
2017	Chardonnay	0.70	-	0.90	↓	2017	Cabernet Sauvignon	0.60	-	0.75	↓
2017	Generic Rosé	0.35	-	0.45	↓	2017	Merlot	0.65	-	0.75	↓
2017	Varietal Rosé	0.55	-	0.75	↓	2017	Syrah	0.60	-	0.75	↓

# Italy

## Time on target

**HARVEST WATCH:** *Abnormally warm, dry February*

**As in France and Spain, Italy experienced a February hotter and drier than normal, but there have so far not been any concerns that it will have a deleterious impact on the 2019 harvest.**

With good volumes available on the market, purchasers of entry-level wines know they can – for now – proceed by buying in small increments. The market for generic white wines in particular is lagging behind the more normal-paced generic red and varietal markets.

The particular slowness of the generic white market has been caused by a change in the production geography of generic whites in the past five years: the large

quantity of new and renewed vineyards in Veneto and Friuli has been concertedly increasing the production of generic whites in those regions, thus curbing their demand for southern Italy's white blended products. As such, prices in Italy on generic whites are open to negotiation; prices remain in-line with last month on everything else.

High quality wines and organic wines, meanwhile, are in demand, with some products already out of stock. The Prosecco market is stable, keeping the average sales increase rate at 6-8% year-on-year, with the growth coming from non-traditional markets. The Pinot Grigio market is also stable, proceeding with the trend seen in recent months.

*See next page for more on Italy.*



# Key Takeaways

Italy's entry-level wines are available in good volumes on the spot market, and priced attractively, particularly the generic whites. International varietal wines, southern Italian appellation wines and organic wines are in stronger demand, and in many cases already sold out. February weather was unusually warm and dry, but there have been no concerns regarding premature budbreak.

## Ciatti Contact

Florian Ceschi  
T. +33 4 67 913532  
E. Florian@ciatti.fr

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

Vintage	Variety	Price	Trend	Vintage	Variety	Price	Trend
2018	Generic White (Alc. 9 - 10%)	0.31 - 0.35	↔	2018	Generic Red (Alc. 11 - 12%)	0.40 - 0.50	↔
2018	Generic White (Alc. 11 - 12.5%)	0.38 - 0.45	↔	2018	Generic Red (Alc. 13%)	0.53 - 0.70	↔
2018	Organic Generic White (Alc. 10 - 12%)	0.55 - 0.70	↔	2018	Organic Generic Red (Alc. 11 - 13%)	0.80 - 1.00	↔
2018	Varietal Chardonnay (Alc. 11 - 13%)	0.60 - 0.90	↔	2018	Varietal Cabernet Sauvignon (Alc. 12 - 13%)	0.65 - 0.95	↔
2018	Organic Pinot Grigio (Alc. 12%)	1.30 - 1.50	↔	2018	Varietal Merlot (Alc. 12 - 13%)	0.60 - 0.90	↔
2018	DOC Pinot Grigio delle Venezie	0.80 - 1.00	↔	2018	Varietal Syrah (Alc. 12 - 13%)	0.65 - 0.95	↔
2018	Pinot Grigio IGT (Different Regions)	0.90 - 1.00	↔	2018	Rossissimo (Alc. 12.5 - 14%)	0.85 - 1.00	↔
2018	Pinot Grigio IGT (Blends)	0.55 - 0.85	↔	2018	Primitivo IGT Puglia/Salento (Alc. 12 - 14%)	1.20 - 1.50	↔
2018	DOC Prosecco (Cannot be sold outside of Italy)	1.55 - 1.65	↔	2018	Sangiovese IGT (Alc. 11.50 - 13%)	0.45 - 0.70	↔
2018	Soave or Garganega DOC	0.90 - 1.00	↔	2018	Trebbiano IGT (Alc. 10.5 - 12%)	0.40 - 0.55	↔
2018	Chianti	2.00 - 2.25*	↔				

*\*Bottled Price*



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INTERNATIONAL BULK WINE & SPIRITS SHOW CHINA

# ProWein: Preview

This year's instalment of ProWein, the 25th, comes to the Messe Düsseldorf on 17-19 March and, as ever, we at Ciatti will be in attendance with a stand in Hall 9. We have seen this show grow massively over its twenty-five-year history: its first iteration in 1994 had 321 exhibitors from nine countries and 1,500 visitors all fitting into one hall; last year's show had 6,300 exhibitors from 67 countries and 60,500 visitors – 54% of these from outside Germany – across 10 halls totalling 74,000 square metres of floorspace.

The 2019 show is expected to have roughly 6,800 exhibitors and there will be a focus on French wines “in thanks for the crucial role that the French wine industry played in the establishment of ProWein twenty five years ago,” the organisers have said.

The organisers say there are two key reasons for the show's continuing success. Firstly, “attendance is strictly limited to professionals in the wine and spirits industry, with a focus on retail and restaurants”. At least two-thirds of visitors are top decision-makers and just under 60% of all trade visitors perform their business

deals during the fair. Last year, one in two visitors confirmed having found new suppliers at the show.

The second tenet of ProWein's success, according to the organisers, is Messe Düsseldorf's central location which “offers an ideal infrastructure and ensures — given that it is not located in any wine region — a certain neutral status”. We find the timing of the event helpful as well, coming as it does as the buying campaign for the Northern Hemisphere's most recent vintage is in full swing, and the Southern Hemisphere's harvests are nearing their end and the picture on how they have fared is becoming clearer. A lot of the talk this year will surely be around the big global harvest of 2018 and the impact it is having on prices.

If you want the global picture or a deep-dive into specific wines, markets or growing regions, **drop by our stand which will be in the same spot as ever: Hall 9, Stand A13.**

Reading online? You can click through to our location on the ProWein floor map [\*\*here\*\*](#). We look forward to seeing you!

# Chengdu: Preview

For the third year running, Ciatti will have a stand at the China Food & Drink Fair, held this year on 21-23 March at the Western China International Expo City in Chengdu. This will be the 100th instalment of this vast and increasingly important fair: last year it covered a floorspace of 125,000sqm, hosted 2,905 exhibitors from more than 40 countries, and attracted 221,000 visitors over its three days. Of the Expo City's 16 halls, halls 7, 8, 12 and 13 were dedicated to imported wine, with all the big wine-producing countries represented.

Statistics from previous fairs show that some 55% of visitors are from the management level, 25% are categorised as ‘bosses’, and another 35% are categorised as ‘purchasers’, so attendees are important decision makers. Last year we at Ciatti welcomed a mix of clientele to our stand, from buyers to importers to traders. We find that the first two days are the busiest; the fair's organisers have previously released figures showing that over 40% of footfall occurs on day one, with days two (35%) and three

*See next page for more on Chengdu.*

(25%) progressively quieter. The show has grown more professional over the years, and the stands – both of international wineries and domestic Chinese importers/wineries – are generally large in size and have become innovative in how they fight for attention (last year's people dressed as characters from 'Transformers' was particularly memorable).

On the domestic wine front, we are seeing over time that China is producing fewer but better-quality wines: a lot more Chinese wines are being exhibited in Chengdu that taste average to good. Overall production in China has declined every year since 2013, and in 2018 the country slid from being the world's seventh-biggest wine producer to the ninth, producing some 6.29 million hectolitres, down 37% from 10.01 million hectolitres in 2017. This long-term trend has been due to the growth in wine imports.

Of the imports, case good red wines remain the focus of attention, especially French AOPs (for the cache) and Australian and Chilean wines (as China has free trade agreements with these two countries in which its import tariffs on their wines are now at 0%). We saw interest last year in US red wines despite the tariff hikes China has been levying on these.

That said, figures from the China Association of Imports & Exports of Wine & Spirits (CAWS) showed that China's overall wine imports (still, sparkling and bulk) fell 8.26% in volume to 687.5 million litres in 2018, though value

increased by 2.12% to USD2.85 billion. This trend was present in bulk wine imports too: volumes dropped by 11.04% to 160.6 million litres, but value grew 17.51% too USD186.7 million. This decline in the volume of imports but increase in the value is perhaps a reflection of increased wine prices around the world in the second half of 2017 and first half of 2018, and more Chinese interest in mid-range and premium wines, which are in general being imported as bottled product, not as bulk.

In general, the fast pace growth in wine exports to China was always going to slow at some stage. In 2018 China's economy grew at its slowest rate since 1990, and it also had to contend with a 'trade war' with the US, which in turn weakened the yuan – it depreciated by 10% in 2018 – just as bulk wine prices around the world were at their highest for some years due to the short global crop in 2017. But China is still forecasted by the World Bank and the International Monetary Fund to experience economic growth of 6.2% in 2019 – sluggish by its own recent standards but still beyond the wildest dreams of Western nations – and is on track to become the second-biggest market for wine, after the US.

China Food & Drink Fair is a great way for us at Ciatti to meet China-based buyers face-to-face, and we can utilise our global reach to provide them with the supply they require. **You will find us in Hall 13, on Stand 13C038T.** We look forward to seeing you!



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for Wines and Spirits

Dusseldorf, Germany  
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Find us at:  
Hall 9 | Stand A13

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# South Africa

## Time on target



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**HARVEST WATCH:** *Looking similar in size to 2018's short crop*

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The Western Cape's 2019 harvest is past the halfway mark and signs are that it will come in similar in size to last year's short crop of 1.22 million tonnes, which was both 15% down on the prior year and down on the ten-year average. The situation varies by varietal but, in general, berries have been coming in smaller – and bunch weights lighter – due to the latent effect of the Cape's three-year drought (2015-18) stressing the vines. As expected, the region worst-hit by the drought, Olifants River, is seeing its yields come in lightest.

Since the drought ended in mid-2018, the Cape's growing areas have been receiving conducive weather, with a wet winter and then a sunny and warm – but not too hot – summer. As a result, there is positivity around the quality of the 2019 vintage.

Due to a very small carryover stock (the lowest in South Africa for at least ten years), the prospect of a second-successive short harvest, and solid demand from the local market, the Cape's Rand pricing is stable. Cape wines are receiving interest, but we at Ciatti have seen that in some cases buyers have moved to other, more price-competitive producer countries. Global availability has increased and pricing has subsequently softened elsewhere in the world. A lot of negotiations continue in regard to the Cape's international varietal wines as buyers are reluctant to switch country, but the price disparities are sometimes unignorable.

A concern is what impact will the current pricing of South African wine have on the shelf pricing compared to other countries and the subsequent sales. We will get a clearer picture of this later in the year; figures show local sales in South Africa down 4.8% in calendar year 2018 compared to the prior year.

The Rand-euro exchange has been relatively stable in recent weeks, though the Rand weakened slightly from the ZAR15.50s to the ZAR15.70s following news that South Africa's state-owned energy supplier, Eskom, is struggling to meet the country's power demands. It announced it would be ramping up its 'load-shedding' drive, i.e. scheduled blackouts across the country to reduce demand, including in the Western Cape.

## Key Takeaways

The 2019 harvest is underway and volume expectations are being scaled back as bunches come in lighter. Ciatti is seeing that negotiations on international varietal wines can be lengthy, so European and other international buyers requiring these wines out of the Western Cape should get in touch now so that conversations can commence on volumes and pricing. Buyers of Cinsaut rosé and other varietal rosés should get in touch as suppliers are currently assessing the demand for these.

## Ciatti Contacts

Vic Gentis      Petré Morkel  
T. +27 21 880 2515    T. +27 82 33 88 123  
E. vic@ciatti.fr      E. petre@ciatti.co.za

*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
2018	Dry White	7.00 – 7.50	↑	2018	Generic Red	8.50 – 9.50	↑
2018	Chardonnay	10.00 – 11.50	↑	2018	Cabernet Sauvignon	10.50 – 13.00	↔
2018	Sauvignon Blanc	9.50 – 12.00	↔	2018	Ruby Cabernet	9.00 – 9.50	↑
2018	Chenin Blanc	7.50 – 8.50	↑	2018	Merlot	10.50 – 12.50	↔
2018	Colombard	7.30 – 8.00	↑	2018	Pinotage	10.00 – 11.50	↑
2018	Muscat	7.50 – 8.50	↔	2018	Shiraz	10.50 – 12.00	↑
2018	Generic Rosé	7.00 – 7.70	↑	2018	Cinsaut Rose	8.40 – 8.80	↑
2018	Cultivar Rosé	8.50 – 9.00	↔				

**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



### HARVEST WATCH: Crop level concerns in Au; slightly down in NZ

Harvest is well underway in Australia's growing areas and there is a good level of activity in the marketplace. There are some concerns regarding crop levels, with grapes coming in well below estimates in some areas. Water has been in high demand and we have seen the price peak at significantly higher levels than in previous years. Another wave of heat has hit most regions over the last couple of weeks and this will also have a flow-on effect on the size of Australia's crush.

Treasury Wine Estates has posted record half-year profits, driven by strong exports to China. The wine producer saw its profits increase by 17% to reach AUD219 million for the six months to 31 December, its highest level ever. Meanwhile, pre-tax profits for the period came in at AUD338.3 million, while the company said it expects these to surge by a further 25% in the year to June, and 15-20% in the 2020 tax year. Its Asia sales, which include China, were up a significant 32.4% to AUD393.9 million from the same period a year earlier. US sales, meanwhile, rose 20%; European sales grew 9%.

Australian Vintage Limited (AVL) has opened an AUD11 million, state-of-the-art bottling facility at the company's Merbein site in Victoria. It is one of the most technologically advanced packaging facilities in the world, "significantly" increasing AVL's production capabilities.

The South Australian government has launched a AUD3.0 million campaign to boost wine tourism, designed to attract more international visitors to the state's wine regions and cellars doors, with a particular focus on China and the US. The 'International Visitation Campaigns' were launched in February across six wine regions: Barossa, Clare Valley, Limestone Coast, Adelaide Hills, the Riverland, and McLaren Vale. The state government has committed AUD750,000, with additional funding from Wine Australia.

The 2019 harvest in **New Zealand** looks to be a couple of weeks early this year. Early indications are that crops are looking slightly down, with some areas affected by water availability already. There have been some active buyers in New Zealand chasing any additional fruit they can get their hands on to ensure they have enough to cover requirements through the coming

*See next page for more on Australia & New Zealand.*

year. There has also been a reduction in the amount of 2018 material now available on the market and we have seen some pricing firm-up as the amount of wine available reduces. There seems to be less pressure to sell any additional bulk as capacity is not as strained as in previous years.

New Zealand Winegrowers has published the 2019 instalment of its industry snapshot, in which it surveys over 2,000 of its vineyard members. It projects that New Zealand's 2019 wine grape producing area was 38,680 hectares. Of this, some 30,921 hectares was accounted for by whites, and 24,037 hectares of that – 78% – was Sauvignon Blanc. Chardonnay was the next most-grown white varietal, accounting for 10% of white hectareage. Some 73% of the 7,758 hectares of red wine producing area was for Pinot Noir and 15% for Merlot.

## Key Takeaways

There are some concerns regarding 2019 crop levels in Australia due to severe heat spells, with grapes coming in well below estimates in some areas. The market remains active. New Zealand's crop is looking slightly down in size, with some areas affected by water availability. The grape market in New Zealand is active as buyers seek to ensure their needs are covered for the year ahead.

## Ciatti Contacts

Matt Tydeman  
T. +61 8 8361 9600  
E. matt@ciatti.com.au

Simone George  
T. +61 8 8361 9600  
E. simone@ciatti.com.au



官方微信公众号

### 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	1.10 – 1.25	↔
2018	Chardonnay	0.95 – 1.10	↔	2018	Cabernet Sauvignon	1.45 – 1.65	↔
2018	Sauvignon Blanc	1.10 – 1.20	↔	2018	Merlot	1.45 – 1.65	↔
<b>2018</b>	<b>NZ Marlborough SB</b>	<b>NZD 3.60 – 4.00</b>	<b>↑</b>	2018	Shiraz	1.45 – 1.65	↔
2018	Pinot Gris	1.20 – 1.40	↔	2018	Muscat	0.85 – 0.95	↔

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

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- Len Evans 'The Complete Book of Australian Wine'

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# Export Pricing: USD per liter

Currency Conversion Rates as of March 12, 2019

Argentina (Pricing in bulk; FCA)											
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White (Criolla)	0.22	-	0.24	↓	2018	Generic Red	0.28	-	0.30	↓
2018	Generic White Standard	0.24	-	0.36	↓	2018	Cabernet Sauvignon	0.60	-	0.70	↓
2018	Muscat	0.30	-	0.35	↓	2018	Merlot	0.50	-	0.60	↓
2018	Torrontes	0.40	-	0.45	↓	2018	Syrah	0.50	-	0.60	↓
2018	Sauvignon Blanc	0.60	-	0.65	↓	2018	Malbec Standard	0.75	-	0.85	↓
2018	Chardonnay	0.60	-	0.70	↓	2018	Malbec Premium	0.90	-	1.00	↓
2018	Bonarda	0.35	-	0.45	↓	2018	Malbec High End	1.20	-	2.00	↓
2018	Tempranillo	0.35	-	0.45	↓						

Australia & New Zealand (Pricing in bulk; FCA)						AUD Rate: 0.705648 / NZD Rate: 0.682717					
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Dry White	0.60	-	0.67	↔	NV	Dry Red	0.78	-	0.88	↔
2018	Chardonnay	0.67	-	0.78	↔	2018	Cabernet Sauvignon	1.02	-	1.16	↔
2018	Sauvignon Blanc	0.78	-	0.85	↔	2018	Merlot	1.02	-	1.16	↔
2018	NZ Marlborough SB	2.46	-	2.73	↑	2018	Shiraz	1.02	-	1.16	↔
2018	Pinot Gris	0.85	-	0.99	↔	2018	Muscat	0.60	-	0.67	↔

California (Pricing in bulk; FCA)											
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.85	-	0.99	↔	2018	Generic Red	0.85	-	1.05	↔
2018	Chardonnay	1.32	-	1.98	↔	2017/2018	Cabernet Sauvignon	1.25	-	1.85	↓
2018	Pinot Grigio	1.19	-	1.72	↔	2018	Merlot	1.18	-	1.58	↔
2018	Muscat	1.12	-	1.45	↔	2018	Pinot Noir	1.59	-	2.11	↓
2018	White Zinfandel	0.80	-	0.99	↔	2018	Syrah	1.10	-	1.58	↔
2018	Colombard	0.86	-	1.12	↔	2018	Ruby Cabernet	0.95	-	1.05	↔
						2017/2018	Zinfandel	1.18	-	1.85	↔

Chile (Pricing in bulk; FOB Chilean Port)											
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
NV	Generic White	0.45	-	0.50	↔	NV	Generic Red	0.48	-	0.55	↔
2019	Chardonnay	0.80	-	0.90	↑	2019	Cabernet Sauvignon (Basic)	0.68	-	0.75	↔ ↑
2018	Sauvignon Blanc	0.68	-	0.75	↔	2019	Cabernet Sauvignon (Varietal Plus)	0.75	-	0.95	↔
2019	Sauvignon Blanc	0.75	-	0.85	↔	2019	Merlot	0.70	-	0.78	↔ ↑
2019	Syrah	0.67	-	0.75	↔	2019	Malbec	0.85	-	0.90	↔
2019	Carmenere	0.85	-	0.95	↑	2019	Pinot Noir	0.85	-	0.95	↔

France (Estimated Pricing in bulk; Ex-Winery)										Rate: 1.123350	
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.73	-	0.90	↓	2018	Generic Red	0.73	-	0.90	↔
2018	Chardonnay IGP	1.07	-	1.24	↓	2018	Cabernet Sauvignon IGP	1.01	-	1.24	↔
2018	Chardonnay VDF	1.01	-	1.18	↓	2018	Cabernet Sauvignon VDF	0.95	-	1.01	↔
2018	Sauvignon Blanc IGP	1.07	-	1.24	↓	2018	Merlot IGP	0.95	-	1.12	↔
2018	Sauvignon Blanc VDF	1.01	-	1.12	↓	2018	Merlot VDF	0.90	-	0.95	↔
2018	Generic Rosé IGP	0.95	-	1.12	↓	2018	Red Syrah / Grenache IGP	0.95	-	1.12	↔
2018	Generic Rosé VDF	0.90	-	1.01	↓	2018	Varietal Rosé IGP	0.95	-	1.24	↓

Italy (Pricing in bulk; Ex-Winery)										Rate: 1.123350	
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White (Alc. 9 - 10%)	0.35	-	0.39	↔	2018	Generic Red (Alc. 11 - 12%)	0.45	-	0.56	↔
2018	Generic White (Alc. 11 - 12.5%)	0.43	-	0.51	↔	2018	Generic Red (Alc. 13%)	0.60	-	0.79	↔
2018	Organic Generic White (Alc. 10 - 12%)	0.62	-	0.79	↔	2018	Organic Generic Red (Alc. 11 - 13%)	0.90	-	1.12	↔
2018	Varietal Chardonnay (Alc. 11 - 13%)	0.67	-	1.01	↔	2018	Varietal Cabernet Sauvignon (Alc. 12 - 13%)	0.73	-	1.07	↔
2018	Organic Pinot Grigio (Alc. 12%)	1.46	-	1.69	↔	2018	Varietal Merlot (Alc. 12 - 13%)	0.67	-	1.01	↔
2018	DOC Pinot Grigio delle Venezie	0.90	-	1.12	↔	2018	Varietal Syrah (Alc. 12 - 13%)	0.73	-	1.07	↔
2018	Pinot Grigio IGT (Different Regions)	1.01	-	1.12	↔	2018	Rossissimo (Alc. 12.5%)	0.95	-	1.12	↔
2018	Pinot Grigio IGT (Blends)	0.62	-	0.95	↔	2018	Primitivo IGT Puglia/ Salento (Alc. 12 - 14%)	1.35	-	1.69	↔
2018	DOC Prosecco (Cannot be sold outside of Italy)	1.74	-	1.85	↔	2018	Sangiovese IGT (Alc. 11.50 - 13%)	0.51	-	0.79	↔
2018	Soave or Garganega DOC	1.01	-	1.12	↔	2018	Trebbiano IGT (Alc. 10.5 - 12%)	0.45	-	0.62	↔
2018	Chianti*	2.25	-	2.53*	↔						

*\*Bottled Price*

South Africa (Pricing in bulk; FOB Cape Town)										Rate: 0.069676	
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.49	-	0.52	↑	2018	Generic Red	0.59	-	0.66	↑
2018	Chardonnay	0.70	-	0.80	↑	2018	Cabernet Sauvignon	0.73	-	0.91	↔
2018	Sauvignon Blanc	0.66	-	0.84	↔	2018	Ruby Cabernet	0.63	-	0.66	↑
2018	Chenin Blanc	0.52	-	0.59	↑	2018	Merlot	0.73	-	0.87	↔
2018	Colombard	0.51	-	0.56	↑	2018	Pinotage	0.70	-	0.80	↑
2018	Muscat	0.52	-	0.59	↔	2018	Shiraz	0.73	-	0.84	↑
2018	Generic Rosé	0.49	-	0.54	↑	2018	Cinsaut	0.59	-	0.61	↑
2018	Cultivar Rosé	0.59	-	0.63	↔						



Spain (Pricing in bulk; Ex-Winery)										Rate: 1.123350	
Vintage	Variety	Price			Trend	Vintage	Variety	Price			Trend
2018	Generic White	0.39	-	0.51	↓	2017	Generic Red	0.45	-	0.67	↓
2017	White Blends (Higher Quality)	0.51	-	0.62	↓	2017	Generic Red (Higher Quality)	0.56	-	0.79	↓
2017	Sauvignon Blanc	0.73	-	0.90	↓	2017	Cabernet Sauvignon	0.67	-	0.84	↓
2017	Chardonnay	0.79	-	1.01	↓	2017	Merlot	0.73	-	0.84	↓
2017	Generic Rosé	0.39	-	0.51	↓	2017	Syrah	0.67	-	0.84	↓
2017	Varietal Rosé	0.62	-	0.84	↓	2017	Moscatel	0.56	-	0.79	↓



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Novato, CA 94949  
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---

## Argentina

Eduardo Conill  
T. +54 261 420 3434  
E. eduardo@ciatti.com.ar

## Australia / New Zealand

Matt Tydeman  
Simone George  
T. +61 8 8361 9600  
E. matt@ciatti.com.au  
E. simone@ciatti.com.au

## California – Import / Export

CEO – Greg Livengood  
Steve Dorfman  
T. +415 458-5150  
E. greg@ciatti.com  
E. steve@ciatti.com

## California – Domestic

T. +415 458-5150  
John Ciatti – john@ciatti.com  
Glenn Proctor – glenn@ciatti.com  
John White – johnw@ciatti.com  
Chris Welch – chris@ciatti.com

## John Fearless CO. Craft Hops & Provisions

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Purveyor of Quality Used Oak Barrels -  
Raymond Willmers  
T. + 1 800 288 5056  
E. rob@johnfearless.com  
E. geoff@johnfearless.com  
E. raymond@johnfearless.com  
www.johnfearless.com

## Concentrate

John Ciatti  
T. +415 458-5150  
E. john@ciatti.com

## Canada & US clients outside of California

Dennis Schrapp  
T. 905/354-7878  
E. dennis@ciatticanada.com

## Chile

Marco Adam  
T. +56 2 2363 9206 or  
T. +56 2 2363 9207  
E. madam@ciattichile.cl

## China / Asia Pacific

Simone George  
T. +61 8 8361 9600  
E. simone@ciatti.com.au

## France / Italy

Florian Ceschi  
T. +33 4 67 913532  
E. Florian@ciatti.fr

## Germany

Christian Jungbluth  
T. +49 6531 9734 555  
E. christian@ciatti.biz

## Spain

Nicolas Pacouil  
T. +33 4 67 913531  
E. nicolas@ciatti.fr

## UK / Scandinavia / Holland

Catherine Mendoza  
T. +33 4 67 913533  
E. catherine@ciatti.fr

## South Africa

Vic Gentis  
T. +27 21 880 2515  
E. vic@ciatti.fr

-or-

Petré Morkel  
T. +27 82 33 88 123  
E. petre@ciatti.co.za

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