

# *Global Market Report*

**May 2021**  
*Volume 12, Issue No. 5*

**Ciatti Global Wine  
& Grape Brokers**

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## **Ciatti June Global Market Update**

**Wednesday, June 23rd, 2021  
9:00AM - 10:00AM PST**

**Review of the Global Market, What has happened this past year and how things  
look as we move forward**

**Shipping Wine Around the World in a Pandemic – Hillebrand**

### **Market Review by Country:**

**Petrè Morkel – South Africa**

**Eduardo Conill – Argentina**

**Marco Adam – Chile**

**Florian Ceschi – Europe**

**Greg Livengood – USA**

**REGISTER**

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The severe frost that struck France and Italy in the second week of April has transformed Europe's bulk wine picture. Expectations that France's 2021 crop will have been reduced by as much as a third immediately energised a formerly steady southern French bulk market: inventory has since been greatly reduced and some varietals are now sold out. An already active Italian market further strengthened, particularly on generics. French and Italian demand for bulk led to a 20% price increase in Spain's pricing. Talk of Emergency Distillation Plans to offload excess inventory is over – in France at least, any funds will be diverted into frost relief for growers instead.

Spanish suppliers can rely on European demand even when upping their prices, but garnering interest from further afield necessitates sensitivity to the fact South Africa is now highly competitive, on generic whites at least. On reds, it is conceivable that at some stage Australia – unable to export to China due to the recent imposition of 200%+ import tariffs – will become more competitive, and a good-sized harvest in Argentina means there will be good supplies there that should become more competitively-priced as the peso continues to weaken.

Logistics is currently adding an extra element to this interesting picture on price competition. Global shipping delays and container shortages means suppliers will need to be sensitive not only to their prices but also their location: which shipping routes are running smoothest, which ports? If the buyer requires wine quickly, they may have to spread the risk, perhaps buy from somewhere further afield but which – due to the vagaries of the shipping lines – can provide wines more punctually. Increases in the costs of shipping also mean suppliers will need to be extra aware of the global competitiveness of their pricing in terms of ex works.

A common theme across the world currently is the relative sparsity of white varietals and of Sauvignon Blanc in particular. A small 2021 crop and significant international demand means New Zealand's Sauvignon Blanc is in shortage; Australia's Sauvignon Blanc, unaffected by the China issue, is also in demand; South Africa's is hot and selling strongly; southern France's 2020 and older vintages are now essentially sold out; Chile's new 2021 Sauvignon Blanc is close to selling out already, necessitating discussions on 2022 wines that are still 12 months away. The varietal has for a long time felt like being in a finely-balanced supply-demand dynamic, globally speaking, but some challenging recent harvests together with – perhaps – an uptick in consumer demand has tipped the scales into undersupply.

Roadmaps out of COVID-19 lockdowns are becoming clearer in the Northern Hemisphere: bars and restaurants are now open in some capacity in France, Spain, Italy, the UK and every state of the US, with the hope most if not all remaining restrictions can end by July. On-trade suppliers especially will be hoping this progress is – thanks to vaccines – not another false dawn, though they may have to contend with reduced wine lists for a while as restaurateurs understandably proceed with caution.

**There will be a Ciatti Webinar on Wednesday 23rd June, at 9am PST, providing a global market update as well as a shipping briefing from international logistics company JF Hillebrand and each Ciatti office. Stay tuned for more details.** In the meantime, read on for more on the global bulk wine and grape situation, don't hesitate to get in touch directly to learn the very latest, and stay safe.

*Robert Selby*

# California

## *Time on target*



**HARVEST WATCH:** *Lighter clusters suggest lighter Central Valley crop*

Budbreak was perhaps a little later than average in the Central Valley this year, but things have caught up and timing now appears normal. The delay is likely attributable to a cocktail of climate factors – a lack of chilling effects over winter, then a slower start to heat accumulation in spring, but also some stunted shoot growth resulting from an early frost back in November when some of the vines had not yet fully shut down.



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Affected vineyards are showing more clusters than leaves. Cluster counts are close to average but the clusters themselves appear less full, so a Valley crop slightly lighter than average looks possible. Little or no rain fell in April after a dry winter and the 90-day forecast is for warmer than average and dry conditions, so water supply – or lack of it – will be topic this vintage. Central Valley growers have been proactive, perhaps keeping more wood on the vines this year and, if they could, starting to irrigate in February in order to recharge the water table.

The Valley's bulk market continues to be active, supply is limited and pricing strong. Supply is growing tight enough for buyers to consider sourcing wine from the Coast, where prices are showing a tentative softening trend because of spottier demand in that region. Some value-end buyers have sought to source wine internationally – Chile, perhaps South Africa – and others are considering doing so. The on-trade has reopened in every US state – under varying restrictions – but supermarket demand, and therefore demand for California-appellated wine, continues to be the market driver, with retail sales down versus a year ago but still in double-digit growth versus 2019. It remains to be seen how this retail robustness will be affected by the return to some normality in the US: some believe the on-trade will experience a booming bounce-back summer, others see reduced wine lists (as restaurant owners seek to keep costs down) and the need to work through existing inventory first.

The Central Valley's grape market mirrors its bulk market, with 2021 availability highly limited and growers bullish on pricing for remaining lots. Some Zinfandel grapes are perhaps struggling to find a home, but everything else is receiving demand and/or difficult to find. The Californian Department of Food & Agriculture's recently-published grape acreage report estimated the state's winegrape area at 620,000 acres, down 2.4% from 2019's 635,000 acres. Of that, non-bearing acres represented 40,000 acres, down 11% on 2019. We suspect that the decline in acreage reported is an underestimate considering the oversupply levels California experienced in the years leading up to 2020.

*See next page for more on California.*

Over in California's Coastal areas, the bulk market is less active outside the popular Napa Valley Cabernet and Russian River Pinot Noir appellations. Buying activity is selective and pricing – though still high – is exhibiting a tentative softening. The grape market has seen sales but is slower than the Valley's: Pinot Noir, Zinfandel and Merlot are experiencing limited interest, while Chardonnay demand has picked up in recent weeks. The situation in

the vineyards is similar to the Valley, with water a concern and some stunted growth evident, though most areas of the state have more recently seen dynamic shoot growth with the warmer weather experienced in the past two weeks.

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

## Key Takeaways

The Central Valley's bulk wine and grape markets continue to be active, with pricing firm and availability limited. Limited bulk supply is causing some buyers to consider Coastal wines or to look abroad, including in Chile and South Africa. Retailer demand continues to drive the bulk market, placing great pressure on Central Valley 'California' appellation supply; it remains to be seen how the US on-trade's reopening – taking place in recent weeks – will affect the market, but the current retailer-dominant dynamic is unlikely to change before the 2021 crop, which in the Valley is currently expected to be slightly lighter than average.

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

| Vintage | Variety         | Price       | Trend | Vintage | Variety            | Price       | Trend |
|---------|-----------------|-------------|-------|---------|--------------------|-------------|-------|
| 2020    | Generic White   | 0.90 – 0.99 | ↔     | 2019/20 | Generic Red        | 0.79 – 1.05 | ↔     |
| 2020    | Chardonnay      | 1.25 – 1.59 | ↔     | 2019/20 | Cabernet Sauvignon | 1.09 – 1.85 | ↔     |
| 2020    | Pinot Grigio    | 1.25 – 1.59 | ↔     | 2019/20 | Merlot             | 1.12 – 1.38 | ↔     |
| 2020    | Muscat          | 1.10 – 1.45 | ↑     | 2019/20 | Pinot Noir         | 1.40 – 1.85 | ↔     |
| 2020    | White Zinfandel | 0.94 – 1.00 | ↔     | 2019/20 | Syrah              | 1.09 – 1.58 | ↔     |
| 2020    | Colombard       | 0.95 – 1.00 | ↔     | 2019/20 | Ruby Cabernet      | 0.97 – 1.10 | ↔     |
|         |                 |             |       | 2019/20 | Zinfandel          | 1.20 – 1.65 | ↔     |



# Argentina

## *Time on target*



**HARVEST WATCH:** *Volumes 7% up on last year at 2.05 million tons*

**Argentina's 2021 harvest has concluded in recent days. As of 2nd May, some 2.2 million metric tons had been picked and this is likely to be the approximate final result, 15% larger than originally forecasted and 7% up from 2020's 2.05 million tons – a good-sized performance considering the unseasonable growing conditions in January through March. Quality is expected to be good and alcohol levels typical for Argentina, at 13-14%.**

International demand for Argentina's varietal reds such as Malbec, Cabernet and Merlot has continued robustly and may see a further uptick now that Spanish prices have risen in response to April frosts in France and Italy. Demand for Argentina's generics is quiet as supply is low, prices are relatively high and many buyers are now covered until the end of the calendar year. Argentina's 2021 grape juice concentrate is starting high in price at USD1,400-1,500/ton (FCA plant).

Official INV statistics show that, in the first three months of 2021, Argentina exported 80.1 million litres of wine, some 35 million litres (-30%) less than in Q1 2020. Varietal wine shipments in fact performed well, increasing by 20%, but generic wine exports were down a significant 70% – as we have mentioned in recent reports, an uncompetitive price on red generics and a highly limited supply of white generics has harmed Argentina's generic exports in recent months. Total exports of bulk wine were down 58.6%.

Further INV figures show Argentina's stock level of wine as of 1st April at 777 million litres. Extrapolated out to encompass another two months' worth of sales until vintage changeover in June, and allowing for the usual technical volumes that wineries require, the remaining figure is approximately 377 million litres of carryover supplementing the new, 2021 vintage availability. This would suggest, especially when declining domestic consumption and reduced exports are taken into account, that Argentina will be back to an oversupply situation in the second half of 2021.

An official devaluation of the peso – viewed as likely sometime before August – would make prices on that availability more attractive to international buyers but, as mentioned above, many have already taken positions on generics for the rest of the year. Consequently, we would expect Argentina's bulk wine sales and export figures not to pick up until the end of this year into 2022.

With parliamentary elections due in October, the Argentinian government remains opposed to an official, overnight devaluation of the peso. The official peso has continued its gradual weakening – it now stands at approximately ARS99/dollar, from ARS97.50 in April and ARS95/dollar in March – while the unofficial 'blue dollar' rate and the rate at which international investors view the peso are both past ARS150/dollar. It is expected that international investment in Argentina will continue to retreat until such time as its government agrees a fresh way forward with the International Monetary Fund and the Club de Paris.

*See next page for more on Argentina.*



# Key Takeaways

Despite unseasonable conditions during the growing season, Argentina's 2021 harvest looks like coming in 7% larger than 2020's and – with carryover stock expected to be fairly significant – it is likely Argentina will be in oversupply in the second half of this year. While varieties have remained competitively priced and have shipped well (+20% in Q1 2021), generic red pricing has struggled to compete with competitors such as Spain. Argentina's pricing is likely to become more attractive for the international buyer should an official peso devaluation finally arrive, potentially by August.

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

| Vintage | Variety                  | Price       | Trend | Vintage | Variety            | Price       | Trend |
|---------|--------------------------|-------------|-------|---------|--------------------|-------------|-------|
| 2020    | Generic White (Basic)    | 0.40 – 0.45 | ↑     | 2019/20 | Generic Red        | 0.45 – 0.60 | ↑     |
| 2020    | Generic White (Standard) | 0.45 – 0.50 | ↑     | 2019/20 | Cabernet Sauvignon | 0.80 – 0.90 | ↑     |
| 2020    | Muscat                   | 0.53 – 0.58 | ↑     | 2019/20 | Merlot             | 0.65 – 0.75 | ↑     |
| 2020    | Torrontes                | 0.55 – 0.60 | ↑     | 2019/20 | Syrah              | 0.65 – 0.75 | ↑     |
| 2020    | Sauvignon Blanc          | 0.80 – 0.90 | ↑     | 2019/20 | Malbec Standard    | 0.75 – 0.85 | ↑     |
| 2020    | Chardonnay               | 0.85 – 0.95 | ↑     | 2019/20 | Malbec Premium     | 0.90 – 1.10 | ↑     |
| 2019/20 | Bonarda                  | 0.50 – 0.60 | ↑     | 2019/20 | Malbec High End    | 1.30 – 2.50 | ↑     |
|         |                          |             |       | 2019/20 | Tempranillo        | 0.50 – 0.60 | ↑     |

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



# Chile

## *Time on target*



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**HARVEST WATCH:** *Potentially 1.25 billion litres*

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**Chile's protracted 2021 harvest is finally moving towards its close, with the Valle Central set to be finished by mid-May at the latest and the northern areas – growing white generics and Muscat – by the end of the month. Recent weeks have remained dry – even when rain has been forecast – with a large disparity between daytime (high) and night-time (very low) temperatures.**

Vintage size is estimated at 1.25 billion litres, with white yields – and potentially Pinot Noir – expected to come in shorter than the average and the reds longer. It seems that, in general, the newer, high-tech and high-density plantations – often possessing deep wells for improved irrigation – are seeing above-average yields on the whites, while the traditional vineyards are seeing below-average.

Due to a far cooler January than normal and slower ripening, this year's red varieties are expected to be of extremely good quality. On the white varieties, the first Sauvignon Blancs are becoming ready and people are pleased with the quality.

The overriding issue on Sauvignon Blanc is availability: the 2021 vintage is almost completely sold out already. Remaining 2021 Sauvignon Blanc supply is in few hands and the price for standard quality is at a level normally seen on premium. International buyers who held off from securing supply have – due to greater visibility on roadmaps for lockdown easings in key markets – now come onto the market, only to discover supply is incredibly tight. Consequently, there have already been discussions regarding 2022 supply.

Chile's 2021 Chardonnay is also close to being sold out. There has been big domestic demand for generic

white wine and also grape juice concentrate; potential international buyers of Chile's generic whites will need to move sooner rather than later to secure the volumes they need. In summary, white wine availability in Chile is short and prices have risen.

There is a question mark over Chile's Pinot Noir supply as there is a suspicion the varietal was the most affected by the unseasonable growing conditions this year. The future direction of prices on Chile's 2021 reds is uncertain. Australia's plentiful supply following China's imposition of tariffs could keep Chile's pricing in check; on the other hand, negligible 2020 inventory remaining, good demand from domestic, North American and European buyers and the potential for increased Chinese demand (again, due to the tariffs on Australian wines) could move Chilean red wine pricing up further. It could be that these opposing forces offset each other to keep prices stable.

Another potential factor to take into account is the possibility that Australian winemakers will seek to sidestep China's tariffs by supplying reds from other countries instead, including Chile.

The Chilean peso strengthened from CLP721/dollar to CLP705/dollar in April, then on 7th May touched CLP695/dollar, its strongest level since June 2019. This strengthening is mainly to do with the copper price, which in mid-April surpassed USD10,000/ton for the first time in ten years. Goldman Sachs on 13th April released a report describing copper as the "new oil", suggesting it could increase in price by more than 60% in the next four years because of its use in important new green technologies.

Chile, like most countries, is still having to contend with acute shipping delays due to the global container shortage (see last month's *Shipping Update*). Clients are advised to be patient and allow for more time when sending/receiving wines and samples.

*See next page for more on Chile.*

Chile has extended by another month its tight restrictions on inward/outward travel, to the end of May. Only Chilean residents can enter the country,

and they must complete an obligatory 10-day quarantine upon arrival. Permits to leave are only granted in exceptional circumstances.

## Key Takeaways

Chile's 2021 harvest is coming to an end with white volumes appearing shorter than the average and reds longer. Supply of 2021 Sauvignon Blanc is very high in price and almost completely sold out, leading to some discussions about 2022 supply already; it's a similar picture on Chardonnay. Generic white is in high demand domestically and prices have risen. Chile's varietal reds are more stable in price but receiving a lot of upward pressure. The peso has continued its strengthening trend against the dollar off the back of strong copper prices.

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### Chile: Current Market Pricing (Pricing in bulk; FOB Chilean Port)

| Vintage | Variety                      | Price       | Trend | Vintage | Variety                            | Price       | Trend |
|---------|------------------------------|-------------|-------|---------|------------------------------------|-------------|-------|
| NV      | Generic White                | 0.65 – 0.75 | ↑     | NV      | Generic Red                        | 0.60 – 0.65 | ↔ ↑   |
| 2021    | Chardonnay                   | 1.05 – 1.30 | ↑     | 2021    | Cabernet Sauvignon (Basic)         | 0.72 – 0.80 | ↑     |
| 2021    | Sauvignon Blanc              | 1.20 – 1.40 | ↑     | 2021    | Cabernet Sauvignon (Varietal Plus) | 0.85 – 0.95 | ↑     |
| 2021    | Sauvignon Blanc Cool Climate | 1.70 – 2.50 | ↑     | 2021    | Merlot                             | 0.76 – 0.85 | ↑     |
| 2021    | Carmenere                    | 0.80 – 0.90 | ↑     | 2021    | Malbec (Basic)                     | 0.80 – 0.90 | ↑     |
| 2021    | Pinot Noir                   | 1.10 – 1.60 | ↑     | 2021    | Syrah                              | 0.75 – 0.85 | ↑     |

### Chilean Export Figures

| Wine Export Figures | January 2019 - March 2020 |                  |               | January 2020 - March 2021 |                  |               | Volume       |
|---------------------|---------------------------|------------------|---------------|---------------------------|------------------|---------------|--------------|
|                     | Million Liters            | Million US\$ FOB | Average Price | Million Liters            | Million US\$ FOB | Average Price | Variance %   |
| Bottled             | 110,97                    | 342,63           | 3,09          | 104,53                    | 344,75           | 3,30          | -5,81        |
| Bulk                | 84,31                     | 72,15            | 0,86          | 88,59                     | 88,89            | 1,00          | 5,08         |
| Sparkling Wines     | 0,71                      | 3,01             | 4,24          | 0,74                      | 3,03             | 4,11          | 4,07         |
| Packed Wines        | 5,06                      | 8,52             | 1,69          | 5,82                      | 10,50            | 1,80          | 15,10        |
| <b>Total</b>        | <b>201,05</b>             | <b>426,31</b>    | <b>2,47</b>   | <b>199,67</b>             | <b>447,16</b>    | <b>2,55</b>   | <b>-0,68</b> |



# France

## Time on target



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**HARVEST WATCH:** *Severe frost damage; crop potentially reduced by a third*

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**A severe frost wave struck France in the second week of April. With overnight temperatures as low as -8°C in some instances, anti-frost candles and other methods often proved ineffectual in preventing some heavy damage to the early buds. The damage is still being assessed and seemingly varies not only between vineyards but between rows.**

There is a widespread expectation that France's 2021 harvest will have been reduced in size by up to a third, perhaps from the 45 million hectolitre average to something closer to 30 million hectolitres. A drop of 40% or more in the Languedoc has been forecast, but damage assessments are still being carried out and the picture will be clearer from June.

The response on the bulk market in Languedoc and southern France was immediate, with buyers quickly moving in to secure the remaining volumes of 2020 and older vintage wines in anticipation that 2021 supply will be short and higher in price. Consequently, many wineries are now sold out. Wineries have prioritised meeting the needs of existing clients, making it hard for new potential buyers to locate any wines. Chardonnay, Sauvignon Blanc, Pinot Noir and high-proof, high-quality reds are now incredibly difficult to find and essentially sold out. The previously lethargic AOP and IGP red markets became highly energised and supply has now greatly reduced.

Some wineries are still holding wines in order to have a safety blanket for their case good programmes and/or to keep some quality wines to blend with a 2021 vintage believed to be of lesser quality than vintage 2020. Prices have started to increase and are still increasing on those varieties that remain available, such as Merlot and Cabernet. The biggest issue for buyers is now to find entry-range material at affordable pricing. Overall, Vin de France pricing is on the rise (on all colours) as this wine category is now fuelled by declassified IGPs. There is a big question mark over the future pricing of

this category as current inventory is extremely low and next vintage production will certainly be much smaller than the average. For the very latest on availability and opportunities, contact us directly.

The frost wave has ended any talk of a surfeit of wine in France: the funds that were due to go into an Emergency Distillation Plan – now cancelled – are likely to be diverted into a relief fund for growers instead. Negotiations are ongoing between the wine industry and the government as to how this will be allocated.

Overnight and morning temperatures in many regions have continued to be colder than normal in the weeks since the frost wave. The Bordeaux and Charentes regions suffered from another frost episode in early May after second leaf growth. There has been some rain around, helping to alleviate the drought situation in southern France (a dryness that exacerbated the frost impact). Vineyard development, in advance before the frosts, has slowed, so that an accurate assessment of the 2021 crop potential must wait until next month.

In contrast to the reds and whites, there remains supply levels of standard Southern French rosé (organic rosé is sold out and supply will be very tight on the 2021 vintage). The lack of visibility on the summer seasons in France and across Europe has been the main culprit for the rosé market's slowness relative to previous years. That said, there has been demand and prices have risen slightly – to reach an average level for southern French rosé – and it is likely activity will increase in the coming weeks now that summer roadmaps for lockdown easings are becoming clearer in key markets.

In France itself, from 19th May bars and restaurants can reopen their outdoor terraces with a maximum of six people per table (there will be a curfew of 9pm); from 9th June the on-trade can reopen indoor areas with a maximum of six per table (curfew of 11pm). It is hoped that from 30th June a curfew will no longer be necessary. Overseas tourists with a "health pass" will be permitted to visit France from 9th June.

*See next page for more on France.*

# Key Takeaways

Severe April frosts energised the southern French bulk market so that availability of 2020 and older vintage wines – especially Chardonnay, Sauvignon Blanc, Pinot Noir and high-proof, high-quality reds (including AOP/IGP reds) – is now highly limited or sold out. Prices increased and are still rising on varietals with remaining availability, such as high-proof Merlot and Cabernet. Organic varietal wine inventory is fully contracted but supply of standard rosé remains relatively plentiful for the time of year, albeit reducing in quantity and increasing in price now that summer roadmaps for lockdown easings are become clearer. For the very latest on availability, give us a call.

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

| Vintage | Variety             | Price       | Trend | Vintage | Variety                | Price       | Trend |
|---------|---------------------|-------------|-------|---------|------------------------|-------------|-------|
| 2020    | Generic White       | 0.65 – 0.75 | ↔     | 2020    | Generic Red            | 0.65 – 0.70 | ↔     |
| 2020    | Chardonnay IGP      | 1.00 – 1.10 | ↔     | 2020    | Cabernet Sauvignon IGP | 0.82 – 1.10 | ↓     |
| 2020    | Chardonnay VDF      | 0.95 – 1.00 | ↔     | 2020    | Cabernet Sauvignon VDF | 0.72 – 0.80 | ↓     |
| 2020    | Sauvignon Blanc IGP | 0.90 – 1.05 | ↔     | 2020    | Merlot IGP             | 0.80 – 0.90 | ↓     |
| 2020    | Sauvignon Blanc VDF | 0.85 – 0.95 | ↔     | 2020    | Merlot VDF             | 0.70 – 0.80 | ↓     |
| 2020    | Generic Rosé IGP    | 0.85 – 1.00 | ↔     | 2020    | Syrah / Grenache IGP   | 0.80 – 0.90 | ↓     |
| 2020    | Generic Rosé VDF    | 0.80 – 0.90 | ↔     | 2020    | Varietal Rosé IGP      | 0.90 – 1.10 | ↔     |





# Spain

## *Time on target*

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**HARVEST WATCH:** *Vineyard conditions good; groundwater replenished*

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Spain's growing areas escaped the severe April frosts seen in other parts of Europe, though the frost risk in some hilly regions such as Rioja still has a few more days left to run. In general, spring weather has been normal in Spain and there have been some rain showers to further boost groundwater reserves after a snowy January.

Spain's bulk wine prices have risen by approximately 20% in the past four weeks following the frost wave that struck France and Italy in early April. Buyers from both countries, especially France, have been securing and shipping large volumes of La Mancha's bulk wine. The 20% price increase applies to all wines but especially the generics; it remains unknown if – once the picture on France and Italy's 2021 crops is more certain in a few weeks' time – Spain's bulk prices will continue to rise or if they will fall back again.

Most current activity is around French and Italian demand but international interest continues, mainly from North America, though Spanish suppliers must be careful that their ex works pricing does not lose its competitive edge versus other potential sources – such as South Africa (on whites) and Australia (on reds) – especially in light of increased shipping delays and freight costs around the world. Interest from China increased in March as buyers sought to replenish their generic red supply after Chinese New Year by taking advantage of very aggressive Spanish pricing; this activity has since slowed.

In terms of overall availability in Spain, international varietal and generic reds remain more plentiful than their white counterparts. As a whole, international varietals - both red and white - are steadily becoming harder to come by, and there is an element of speculation going on among suppliers. With Argentina's **grape juice concentrate** pricing significantly up on last year, Spain's GJC offer remains attractive despite its price increasing in line with the bulk wine. Spain's sulfated must has also seen the price increase; the majority of supply has been acquired by Italian buyers.

The European Union has rejected calls by the Spanish wine industry for financial assistance, including funds for an Emergency Distillation Plan. Without EU funds, it is now viewed as highly unlikely that the Spanish government will proceed with any crisis distillation.

Spain's six-month national state of emergency expired on 9th May, after which time COVID-19 measures are handled by the regional administrations. In Barcelona, bars and restaurants – which had been restricted to 30% capacity indoors (with no restrictions on outdoor capacity) and a closing time of 5pm – from 9th May can close at 11pm. Madrid's bars and restaurants were already operating these hours. It is expected that Spain will welcome inward tourism from specific countries from June onward. The national target is to have 70% of the population immunized by the end of August.

## *Key Takeaways*

Spain's bulk wine, GJC and sulfated must pricing has risen by 20% in the wake of the severe frost wave that struck France and Italy in early April. French and Italian demand for bulk wine has been significant, with large volumes secured and being shipped. It remains to be seen what Spanish prices will do once damage assessments are completed in France and Italy's vineyards. Spain's own growing areas escaped the frost and conditions have been normal. With the EU refusing to provide funds, another Emergency Distillation Plan in Spain is now highly unlikely.

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*See next page for pricing.*



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

| Vintage | Variety                       | Price |   |      | Trend | Vintage | Variety                      | Price |   |      | Trend |
|---------|-------------------------------|-------|---|------|-------|---------|------------------------------|-------|---|------|-------|
| 2020    | Generic White                 | 0.25  | - | 0.35 | ↓     | 2020    | Moscatel                     | 0.40  | - | 0.50 | ↔     |
| 2020    | White Blends (Higher Quality) | 0.35  | - | 0.45 | ↔     | 2020    | Generic Red                  | 0.28  | - | 0.45 | ↓     |
| 2020    | Sauvignon Blanc               | 0.50  | - | 0.60 | ↔     | 2020    | Generic Red (Higher Quality) | 0.45  | - | 0.55 | ↔     |
| 2020    | Chardonnay                    | 0.65  | - | 0.75 | ↔     | 2020    | Cabernet Sauvignon           | 0.45  | - | 0.55 | ↔     |
| 2020    | Generic Rosé                  | 0.28  | - | 0.40 | ↔     | 2020    | Merlot                       | 0.50  | - | 0.60 | ↔     |
| 2020    | Varietal Rosé                 | 0.35  | - | 0.45 | ↔     | 2020    | Syrah                        | 0.40  | - | 0.50 | ↔     |

# Italy

## *Time on target*



### **HARVEST WATCH:** *Strong hailstorm in two areas of Veneto*

**May in Italy has so far seen a continuation of the trend experienced in the past few months, with prices increasing even on entry-level wines and the most required wines close to being sold out.**

Prosecco had another record sales month in April with an increase of 32% versus the same month of 2020. The price of bulk is now at a minimum of EUR180/hectolitre and the Rosé version has no quotation given the few volumes available. We will need to wait until January 2022 for bottlings of the new 2021 vintage.

Pinot Grigio DOC's performance maintained the average, despite the big difficulty in shipping wine to the US because of logistical problems. The total volume bottled in April was 166,815 hectolitres, up 1.1% on April 2020. From May we have seen an increase in requests on the market.

Demand for all wines from Puglia and Primitivo in particular is getting even stronger and the wine is very difficult to buy. Quotations are still increasing and big buyers are already moving to secure the 2021 grape production. Rossissimo is getting short, too, and the production area was one of the most affected by April's

frosts, together with Tuscany. In terms of conditions, the first week of May brought two very heavy hailstorms to Veneto – one in the Valpolicella area and the other in the Piave area, the heart of Prosecco production.

During the final week of April and the first week of May the demand for generic whites and reds increased consistently, partially because of the effect of the April frost in some regions, partially because consumption seems to be growing in many countries and companies were not covered for this. OIV recently released its report on 2020 wine consumption and it showed an incredible 8% increase in Italy. China seems to be the only country that saw a reduction, but the country's imposition of 200%+ import tariffs on Australian wines provides a big opportunity for European wines in general and Italian wines in particular.

The increasing price trend is happening in many countries and it follows a general global trend on all commodities, both agricultural and not. International competition currently has a big obstacle in the form of a strong increase in transport costs. It is likely that, in the next round of tenders, the bottling companies will be more careful before offering cheap prices to the big international retailers.

*See next page for more on Italy.*

# Key Takeaways

With international demand and domestic consumption strong and April frosts in the vineyards, Italy's pricing is continuing to trend upward and supply is reducing. Prosecco continues its impressive sales performance and supply of Prosecco Rosé is now minimal; Pinot Grigio bottling remains in positive territory and all wines from Puglia and Primitivo – and Rossissimio wines – are getting short. Demand for Italy's generic reds and whites has also risen in recent weeks and prices on entry-level wines are now increasing. Concern for the 2021 crop continues following April's frosts, with May bringing heavy hailstorms to Veneto.

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

| Vintage | Variety  | Price       | Trend | Vintage | Variety                                       | Price       | Trend |
|---------|--|-------------|-------|---------|---|-------------|-------|
| 2020    | Generic White (Alc. 9 - 10%)                   | 0.38 – 0.45 | ↑     | 2020    | Generic Red (Alc. 11 - 12%)                   | 0.48 – 0.62 | ↑     |
| 2020    | Generic White (Alc. 11 - 13%)                  | 0.42 – 0.60 | ↑     | 2020    | Generic Red (Alc. 13%)                        | 0.76 – 0.92 | ↑     |
| 2020    | Organic Generic White (Alc. 10.5 - 12%)        | 0.65 – 0.85 | ↑     | 2020    | Organic Generic Red (Alc. 11 - 13%)           | 0.95 – 1.20 | ↑     |
| 2020    | Varietal Chardonnay (Alc. 11 - 13%)            | 0.85 – 1.10 | ↔     | 2020    | Varietal Cabernet Sauvignon (Alc. 12 - 13%)   | 0.90 – 1.00 | ↑     |
| 2020    | Organic Pinot Grigio (Alc. 12%)                | 1.25 – 1.50 | ↔     | 2020    | Varietal Merlot (Alc. 12 - 13%)               | 0.75 – 0.90 | ↑     |
| 2020    | DOC Pinot Grigio delle Venezie                 | 0.95 – 1.10 | ↑     | 2020    | Varietal Syrah (Alc. 12 - 13%)                | 0.85 – 1.10 | ↔     |
| 2020    | Pinot Grigio IGT (Different Regions)           | 0.90 – 1.00 | ↑     | 2020    | Rossissimo (Alc. 12.5 - 14%)                  | 1.10 – 1.25 | ↔     |
| 2020    | Pinot Grigio IGT (Blends)                      | 0.65 – 0.85 | ↔     | 2020    | Primitivo IGT Puglia/ Salento (Alc. 12 - 14%) | 1.60 – 1.90 | ↑     |
| 2020    | DOC Prosecco (Cannot be sold outside of Italy) | 1.80 – 1.85 | ↑     | 2020    | Sangiovese IGT (Alc. 11.50 - 13%)             | 0.75 – 0.90 | ↑     |
| 2020    | Soave or Garganega DOC                         | 0.95 – 1.00 | ↔     | 2020    | Trebbiano IGT (Alc. 10.5 - 12%)               | 0.55 – 0.70 | ↑     |
|         |  |             |       | 2020    | Montepulciano D'Abruzzo DOC                   | 0.90 – 1.00 | ↔     |

**\*Bottled Price**





# South Africa

## *Time on target*



**HARVEST WATCH:** *Expected to be around 1.4 million tonnes*

The Western Cape's 2021 harvest finally drew to a close in the final week of April after an elongated picking period resulting from cooler than normal conditions. Official estimates are for a crop size up 4% on 2020's 1.31 million tonnes but in some areas it may be up by more. We suspect the harvest's overall size could be bigger than estimated.

It remains too early to make an assessment of the quality of the 2021 reds but it will certainly be a good-quality year for the whites including Sauvignon Blanc and Chenin Blanc. As is normal towards the end of April into early May, we have been receiving many sample requests for white varieties and rosés – but interest this year feels even stronger than normal. Many samples have gone out already but, owing to the harvest's elongation, others are not quite yet ready. Shipments to Europe of 2021 Sauvignon Blanc and Chenin Blanc commenced in earnest in early May.

Demand for South Africa's good-quality bulk Sauvignon Blanc is running especially hot this year – with some interest also coming from buyers who normally source in New Zealand and/or Chile – and the varietal is selling rapidly in some instances. Consequently, we advise potential buyers seeking specific Sauvignon Blanc styles to declare their interest sooner rather than later. Activity on Pinot Grigio and Chardonnay has also been strong and it should be borne in mind that South Africa's supply of these two varieties is not huge in the first place.

Despite the demand pressure, South Africa's varieties have remained stably priced for the past month or so and remain some of the most attractively-priced in the world. Putting current pricing in context, it is up approximately 5% from the very low level at which it started 2021. Continued growth in demand might have an upward effect on prices.

The buying campaign for the 2021 red varieties is still in its formative stages; Cabernet and Merlot are receiving the most interest, followed by Shiraz. With Spain continuing to be highly aggressive on generic pricing, international demand for South Africa's Dry Red, Dry White and generic rosé remains muted. There continues to be good levels of availability and pricing is negotiable, especially on the non-vintage wines.

While exhibiting its typical fluctuations, the Rand's overall trend since mid-2020 has been a strengthening against the US dollar and euro; in April it reached its strongest point against both currencies since pre-COVID (ZAR14.00/dollar, ZAR16.50/dollar) before weakening back a little by the end of the month.

Domestic buyer demand for entry-level generics has been healthy, stimulated by the highly-attractive generic pricing. Consumer demand for wine in South Africa picked up in the weeks following the end – on 1st February – of the most recent alcohol sales prohibition and has continued steadily since.

Last month we noted a 14% uptick in South Africa's bulk wine export shipments in the March 2020 to February 2021 (inclusive) period and this has continued with the timeframe moved on a month: bulk exports were up 15% in the April 2020 to March 2021 period. These figures encompass the April-May period of last year in which prohibitions on the movement of alcohol within South Africa – as part of the government's initial response to COVID-19's arrival – made shipping very difficult. The figures thus suggest there was a solid recovery in export shipping later in 2020 into 2021. Indeed, South Africa's total wine shipments – bulk and bottled combined – in the October 2020 to March 2021 period were up 17% versus the pre-COVID October 2019 to March 2020 period.

*See next page for pricing.*

# Key Takeaways

South Africa's 2021 harvest has drawn to a close and looks to have come in at least average in size at around 1.4 million tonnes. International demand for the 2021 white varieties – particularly Sauvignon Blanc and Chardonnay – has been very strong from the off, with a high number of sample requests and shipments already heading to Europe. Buyers seeking specific white varietal styles in specific volumes at the best prices are recommended to move onto the market sooner rather than later. After an elongated harvest, the red varietal buying campaign is still in its early stages. Varietal pricing is stable but could start to move up if demand remains strong. Demand for South Africa's non-vintage generic wines remains muted and – due to very aggressive Spanish pricing and a large inventory – pricing on these is highly negotiable.

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

| Vintage | Variety         | Price         | Trend | Vintage | Variety            | Price         | Trend |
|---------|-----------------|---------------|-------|---------|--------------------|---------------|-------|
| 2020/21 | Dry White       | 5.40 – 6.50   | ↔     | 2020/21 | Generic Red        | 8.20 – 9.00   | ↔     |
| 2020/21 | Chardonnay      | 10.00 – 11.00 | ↔     | 2020/21 | Cabernet Sauvignon | 11.00 – 13.00 | ↔     |
| 2020/21 | Sauvignon Blanc | 10.00 – 12.00 | ↔     | 2020/21 | Ruby Cabernet      | 9.00 – 10.00  | ↔     |
| 2020/21 | Chenin Blanc    | 7.00 – 8.00   | ↓     | 2020/21 | Merlot             | 11.00 – 12.50 | ↔     |
| 2020/21 | Colombard       | 6.00 – 6.50   | ↔     | 2020/21 | Pinotage           | 10.00 – 11.50 | ↔     |
| 2020/21 | Muscat          | 6.00 – 6.50   | ↔     | 2020/21 | Shiraz             | 11.00 – 12.00 | ↔     |
| 2020/21 | Generic Rosé    | 6.00 – 6.50   | ↔     | 2020/21 | Cinsaut Rose       | 8.00 – 9.00   | ↔     |
| 2020/21 | Cultivar Rosé   | 7.50 – 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*



**HARVEST WATCH:** *Quality very good in Au; small crop means tight supply in NZ*

**Australia's 2021 vintage is complete and wineries are now moving onto allocation tastings and looking to find homes for their new stock. Quality is very good and winemakers are pleased with the material produced.**

The market has been quiet for red wines but remains busy for those with key in-demand varieties such as Pinot Noir, Pinot Gris, Sauvignon Blanc or Chardonnay. Many sellers look to pair these with red varietal wine in order to move material in a package deal. A large number of older vintage red wines from 2019 and 2020 continue to be added to inventory listings at lower pricing. Whilst many suppliers have suffered from the effect of the Chinese tariffs, those with entry-level stock are seeing positive growth into the UK and Germany – namely this has been for Chardonnay paired with Shiraz or Cabernet Sauvignon. Opportunistic buyers are still circling for discounted bulk material but many mid-range and premium suppliers are holding back from reaching bottom end prices just yet.

According to the latest Wine Australia Export Report for the 12 months to 31st March 2021, Australia's wine exports saw a 4% decrease in value to AUD2.77 billion and a 1% decline in volume to 724 million litres versus the prior year. Shipments during September to November 2020 spiked as exporters rushed to get their stock into China before the tariffs came into effect. An increase in volume moving to the UK during this timeframe also assisted sales. Post 28th November, exports saw a steep decline as shipments to China stopped; however, solid sales to Europe continued with a 23% increase in volume – the highest in a decade. Overall, Australia's bottled wine exports saw a decrease in both value (-8%) and volume (-10%), whilst bulk wine experienced an increase in value (+18%) and volume (+8%).

Diving deeper into the figures, we see that exports to mainland China fell by 24% to AUD869 million and volumes fell 40% to 78 million litres. Exports to Hong Kong, however, rose in value by 55% to AUD148 million. Exports to the UK, meanwhile, were significantly up in value (+33% to AUD461 million) and volume (+21% to 264 million litres). Exports to North America also performed well, with the US (+4% to AUD432 million; -1% to 135 million litres) and Canada (+9% to AUD195 million; +4% to 54 million litres) both seeing an uptick in value. As mentioned above, another standout was Germany, receiving 36 million litres, an increase of 22%.

The anti-dumping duties that China has placed on Australia wines has resulted in France overtaking Australia as the leading bottled wine supplier into China. For Q1 2021, France saw a 16% growth (27.1 million litres) in volume compared with the same timeframe in 2020. Chile has moved into second place with its bottled wine up 23% (15.8 million litres). Bulk wine from Chile and Argentina also saw significant growth. A number of Australian suppliers have been looking to switch their Australian branded labels' country of origin to wines from Chile or France instead, in order to keep their branded sales into China moving forward.

Meanwhile, demand for **New Zealand's** Sauvignon Blanc continues as international buyers push to find any surplus material available in the marketplace. With a 30% decrease in volume from the 2021 crop – caused by early frosts and cool weather during spring – many suppliers are using what material they have for their branded products, which have seen a surge in demand from the US. Others are finding it difficult supplying their long-term customer base, with many turning down opportunities to supply new customers. The expectation for any bulk wine to be available as surplus is extremely low and, if any does become available, it will be at very high pricing. The current outlook is that the shortage will continue into the 2022 harvest.

*See next page for more.*

**Wine Australia**  
**Export report**  
 1 Apr 2020 to 31 Mar 2021



**Value of exports to the top 10 markets**

|                         |         |        |
|-------------------------|---------|--------|
| China Inc. HK and Macau | \$1.02b | ▼ -18% |
| United Kingdom          | \$461m  | ▲ 33%  |
| United States           | \$432m  | ▲ 4%   |
| Canada                  | \$195m  | ▲ 9%   |
| New Zealand             | \$104m  | ▲ 10%  |
| Singapore               | \$86m   | ▼ -17% |
| Germany                 | \$56m   | ▲ 19%  |
| Japan                   | \$44m   | ▼ -13% |
| Netherlands             | \$40m   | ▼ -2%  |
| Malaysia                | \$38m   | ▼ -4%  |

**Volume of exports to the top 10 markets (9L cases)**

|                         |       |        |
|-------------------------|-------|--------|
| United Kingdom          | 29.3m | ▲ 21%  |
| United States           | 15.0m | ▼ -1%  |
| China Inc. HK and Macau | 9.6m  | ▼ -37% |
| Canada                  | 6.0m  | ▲ 4%   |
| Germany                 | 4.0m  | ▲ 22%  |
| New Zealand             | 3.4m  | ▲ 3%   |
| Denmark                 | 2.1m  | ▲ 5%   |
| Netherlands             | 1.7m  | ▼ -6%  |
| Japan                   | 1.4m  | ▼ -19% |
| France                  | 1.0m  | ▲ 27%  |



Source: Wine Australia Export Report March 2021

## Key Takeaways

Australia's 2021 harvest is complete and quality looks very good. Following China's imposition of import tariffs on Australian wine, the red wine market has been quiet and many suppliers are seeking to include red varietals in package deals with whites and Pinot Noir. Reds from the 2019 and 2020 vintages are available and at lower prices. Excluding China, a robust export performance – including a 23% increase in volumes to Europe – further enables suppliers of mid-range and premium wines to hold back from bottom-end pricing. New Zealand's short 2021 crop combined with strong continuing international demand – especially from the US – for its Sauvignon Blanc means the varietal is in shortage, something likely to last until vintage 2022. Should any surplus become available, it will be at very high pricing

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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            | 0.80 – 0.95 | ↓     |
| 2021    | Chardonnay        | 1.05 – 1.20     | ↔     | 2021    | Cabernet Sauvignon | 0.95 – 1.15 | ↓     |
| 2021    | Sauvignon Blanc   | 1.30 – 1.50     | ↑     | 2021    | Merlot             | 0.90 – 1.10 | ↓     |
| 2021    | Pinot Gris        | 1.20 – 1.30     | ↔     | 2021    | Shiraz             | 0.95 – 1.15 | ↓     |
| 2021    | NZ Marlborough SB | NZD 6.00 – 6.75 | ↑     | 2021    | Muscat             | 0.90 – 1.00 | ↔     |

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

# WLT-150

## Your key to eco-ageing



Consumer concern for the environment is greater than ever before. In collaboration with the University of Oxford, in 2020 the United Nations carried out the *People's Climate Vote*, a global survey taking in 1.2 million people across 50 countries representing 56% of the global population. Even amid the COVID-19 pandemic, 64% of respondents (and a majority of respondents in all regions of the world) believed climate change was a global emergency, with “conservation of forests and land” the most popular response to it (in almost every region).

What if spirits makers could be offered a product that saved them time and money while simultaneously allowing them to impress consumers – in markets old and new – with planet-friendly, tree-friendly credentials? This is where WLT-150 from Stoak Technologies comes into its own. This 100% organic product, derived only from original oak wood, contains the exact same core components found in the traditional barrel-aged maturation process, just in a highly concentrated liquid form.

WLT-150 can be used in conjunction with oak barrels, topping up the benefits that the barrel brings. As every distiller knows, over time – as the core congeners that provide flavour, colour and aroma get depleted – barrels deliver less results and they are costly to replace. WLT-150 helps distillers keep hold of their existing barrels for longer, slowing down their need for new oak, which can only be a good thing for preserving forests. In addition, WLT 150 itself uses less than 10% of the wood that other barrel ageing methods require, another environmentally-friendly green bonus. Consequently, when used over time, WLT-150 ages spirits in an eco-friendlier way.

WLT-150 thus provides what we call “eco-ageing”, and we believe an eco-aged spirit, so labelled, would stand out on the retail shelf and catch the eye of consumers – as the UN report suggests – not just in mature markets such as North America and Europe but also in the developing ones of Central Asia, Asia-Pacific, the Arab States, Africa, and Latin America.

The second key benefit of WLT-150 is that its concentrated liquid form allows real and rapid molecular engagement that

delivers quantifiable results far quicker than through using barrels alone. This enables a much faster product turnaround that frees-up spirits makers to meet market demand as it is right now. This, combined with the reduction in barrel requirements that WLT-150 enables, liberates spirits makers to meet growing interest from a younger demographic which is seeking innovative, quality – and, yes, eco-friendly – spirits but which cannot afford, for example, an 18-year-old single malt. WLT-150 is the key to unlocking the burgeoning market for spirits that match the quality of something that costs more to make while being affordable.

As a liquid, WLT-150 can be dosed during blending, with the distiller able to incrementally and precisely control the process and fine-tune the mouthfeel, smoothness and maturity of the finished spirit. Don't just take our word for it. The WLT-150 range, developed over nearly 15 years, is already used by distillers throughout the world and one of them, an international spirits company of longstanding, told us: “We find WLT-150 easy to use and easily soluble with no side effects. We use the product to keep our blends consistent and to ensure we give our customers the same product every time. We get the wood flavour and some effect on the mouthfeel of our brandies. It works for us.”

The world is changing. The UN's *People's Climate Vote* found widespread support in many countries for “requiring companies to communicate on how products are made”. Spirits producers can start to meet this growing expectation of planet-friendly methods by adopting the eco-ageing of WLT-150.

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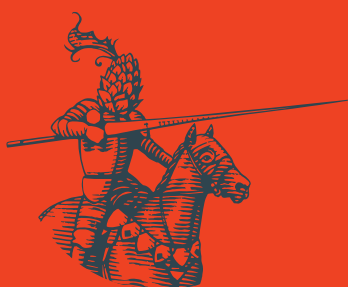
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# Export Pricing: USD per liter

Currency Conversion Rates as of May 17, 2021

| Argentina (Pricing in bulk; FCA)  |                        |       |   |      |       |         |                    |       |   |      |       |
|---|------------------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| Vintage   | Variety                | Price |   |      | Trend | Vintage | Variety            | Price |   |      | Trend |
| 2020  | Generic White (Basic)  | 0.40  | - | 0.45 | ↑     | 2019/20 | Generic Red        | 0.45  | - | 0.50 | ↑     |
| 2020  | Generic White Standard | 0.45  | - | 0.50 | ↑     | 2019/20 | Cabernet Sauvignon | 0.80  | - | 0.90 | ↑     |
| 2020  | Muscat                 | 0.53  | - | 0.58 | ↑     | 2019/20 | Merlot             | 0.65  | - | 0.75 | ↑     |
| 2020  | Torrontes              | 0.55  | - | 0.60 | ↑     | 2019/20 | Syrah              | 0.65  | - | 0.75 | ↑     |
| 2020  | Sauvignon Blanc        | 0.80  | - | 0.90 | ↑     | 2019/20 | Malbec Standard    | 0.75  | - | 0.85 | ↑     |
| 2020  | Chardonnay             | 0.85  | - | 0.95 | ↑     | 2019/20 | Malbec Premium     | 0.90  | - | 1.10 | ↑     |
| 2019/20   | Bonarda                | 0.50  | - | 0.60 | ↑     | 2019/20 | Malbec High End    | 1.30  | - | 2.50 | ↑     |
|   |                        |       |   |      |       | 2019/20 | Tempranillo        | 0.50  | - | 0.60 | ↑     |
| White Grape Juice Concentrate (per metric ton in bulk): 1,400-1,500 (FCA Plant) |                        |       |   |      |       |         |                    |       |   |      |       |

| Australia & New Zealand (Pricing in bulk; FCA) |                   |       |   |      |       | AUD Rate: 0.776754 / NZD Rate: 0.721117 |                    |       |   |      |       |
|--|-------------------|-------|---|------|-------|---|--------------------|-------|---|------|-------|
| Vintage  | Variety           | Price |   |      | Trend | Vintage                                 | Variety            | Price |   |      | Trend |
| NV   | Dry White         | 0.66  | - | 0.74 | ↔     | NV                                      | Dry Red            | 0.62  | - | 0.74 | ↓     |
| 2021   | Chardonnay        | 0.82  | - | 0.93 | ↔     | 2021                                    | Cabernet Sauvignon | 0.74  | - | 0.89 | ↓     |
| 2021   | Sauvignon Blanc   | 1.01  | - | 1.17 | ↑     | 2021                                    | Merlot             | 0.70  | - | 0.85 | ↓     |
| 2021   | Pinot Gris        | 0.93  | - | 1.01 | ↔     | 2021                                    | Shiraz             | 0.74  | - | 0.89 | ↓     |
| 2021   | NZ Marlborough SB | 4.33  | - | 4.87 | ↑     | 2021                                    | Muscat             | 0.70  | - | 0.78 | ↔     |

| California (Pricing in bulk; FCA) |                 |       |   |      |       |         |                    |       |   |      |       |
|-----------------------------------|-----------------|-------|---|------|-------|---------|--------------------|-------|---|------|-------|
| Vintage                           | Variety         | Price |   |      | Trend | Vintage | Variety            | Price |   |      | Trend |
| 2020                              | Generic White   | 0.90  | - | 0.99 | ↔     | 2019/20 | Generic Red        | 0.79  | - | 1.05 | ↔     |
| 2020                              | Chardonnay      | 1.25  | - | 1.59 | ↔     | 2019/20 | Cabernet Sauvignon | 1.09  | - | 1.85 | ↔     |
| 2020                              | Pinot Grigio    | 1.25  | - | 1.59 | ↔     | 2019/20 | Merlot             | 1.12  | - | 1.38 | ↔     |
| 2020                              | Muscat          | 1.10  | - | 1.45 | ↑     | 2019/20 | Pinot Noir         | 1.40  | - | 1.85 | ↔     |
| 2020                              | White Zinfandel | 0.94  | - | 1.00 | ↔     | 2019/20 | Syrah              | 1.09  | - | 1.58 | ↔     |
| 2020                              | Colombard       | 0.95  | - | 1.00 | ↔     | 2019/20 | Ruby Cabernet      | 0.97  | - | 1.10 | ↔     |
|                                   |                 |       |   |      |       | 2019/20 | Zinfandel          | 1.20  | - | 1.65 | ↔     |

| Chile (Pricing in bulk; FOB Chilean Port) |                              |       |   |      |       |         |                                    |       |   |      |       |
|---|------------------------------|-------|---|------|-------|---------|------------------------------------|-------|---|------|-------|
| Vintage                                   | Variety                      | Price |   |      | Trend | Vintage | Variety                            | Price |   |      | Trend |
| NV  | Generic White                | 0.65  | - | 0.75 | ↑     | NV      | Generic Red                        | 0.60  | - | 0.65 | ↔ ↑   |
| 2021                                      | Chardonnay                   | 1.05  | - | 1.30 | ↑     | 2021    | Cabernet Sauvignon (Basic)         | 0.72  | - | 0.80 | ↑     |
| 2021                                      | Sauvignon Blanc              | 1.20  | - | 1.40 | ↑     | 2021    | Cabernet Sauvignon (Varietal Plus) | 0.85  | - | 0.95 | ↑     |
| 2021                                      | Sauvignon Blanc Cool Climate | 1.70  | - | 2.50 | ↑     | 2021    | Merlot                             | 0.76  | - | 0.85 | ↑     |
| 2021                                      | Carmenere                    | 0.80  | - | 0.90 | ↑     | 2021    | Malbec                             | 0.80  | - | 0.90 | ↑     |
| 2021                                      | Pinot Noir                   | 1.10  | - | 1.60 | ↑     | 2021    | Syrah                              | 0.75  | - | 0.85 | ↑     |

| France (Estimated Pricing in bulk; Ex-Winery) |                     |       |   |      |       |         |                          |       |   | Rate: 1.215142 |       |
|---|---------------------|-------|---|------|-------|---------|--------------------------|-------|---|----------------|-------|
| Vintage                                       | Variety             | Price |   |      | Trend | Vintage | Variety                  | Price |   |                | Trend |
| 2020  | Generic White       | 0.79  | - | 0.91 | ↔     | 2020    | Generic Red              | 0.79  | - | 0.85           | ↔     |
| 2020  | Chardonnay IGP      | 1.22  | - | 1.34 | ↔     | 2020    | Cabernet Sauvignon IGP   | 1.00  | - | 1.34           | ↓     |
| 2020  | Chardonnay VDF      | 1.15  | - | 1.22 | ↔     | 2020    | Cabernet Sauvignon VDF   | 0.87  | - | 0.97           | ↓     |
| 2020  | Sauvignon Blanc IGP | 1.09  | - | 1.28 | ↔     | 2020    | Merlot IGP               | 0.97  | - | 1.09           | ↓     |
| 2020  | Sauvignon Blanc VDF | 1.03  | - | 1.15 | ↔     | 2020    | Merlot VDF               | 0.85  | - | 0.97           | ↓     |
| 2020  | Generic Rosé IGP    | 1.03  | - | 1.22 | ↔     | 2020    | Red Syrah / Grenache IGP | 0.97  | - | 1.09           | ↓     |
| 2020  | Generic Rosé VDF    | 0.97  | - | 1.09 | ↔     | 2020    | Varietal Rosé IGP        | 1.09  | - | 1.34           | ↔     |

| Italy (Pricing in bulk; Ex-Winery) |  |       |   |      |       |         |   |       |   | Rate: 1.215142 |       |
|------------------------------------|--|-------|---|------|-------|---------|---|-------|---|----------------|-------|
| Vintage                            | Variety  | Price |   |      | Trend | Vintage | Variety                                       | Price |   |                | Trend |
| 2020                               | Generic White (Alc. 9 - 10%)                   | 0.46  | - | 0.55 | ↑     | 2020    | Generic Red (Alc. 11 - 12%)                   | 0.58  | - | 0.75           | ↑     |
| 2020                               | Generic White (Alc. 11 - 13%)                  | 0.51  | - | 0.73 | ↑     | 2020    | Generic Red (Alc. 13%)                        | 0.92  | - | 1.12           | ↑     |
| 2020                               | Organic Generic White (Alc. 10 - 12%)          | 0.79  | - | 1.03 | ↑     | 2020    | Organic Generic Red (Alc. 11 - 13%)           | 1.15  | - | 1.46           | ↑     |
| 2020                               | Varietal Chardonnay (Alc. 11 - 13%)            | 1.03  | - | 1.34 | ↔     | 2020    | Varietal Cabernet Sauvignon (Alc. 12 - 13%)   | 1.09  | - | 1.22           | ↑     |
| 2020                               | Organic Pinot Grigio (Alc. 12%)                | 1.52  | - | 1.82 | ↔     | 2020    | Varietal Merlot (Alc. 12 - 13%)               | 0.91  | - | 1.09           | ↑     |
| 2020                               | DOC Pinot Grigio delle Venezie                 | 1.15  | - | 1.34 | ↑     | 2020    | Varietal Syrah (Alc. 12 - 13%)                | 1.03  | - | 1.34           | ↔     |
| 2020                               | Pinot Grigio IGT (Different Regions)           | 1.09  | - | 1.22 | ↑     | 2020    | Rossissimo (Alc. 12.5%)                       | 1.34  | - | 1.52           | ↔     |
| 2020                               | Pinot Grigio IGT (Blends)                      | 0.79  | - | 1.03 | ↔     | 2020    | Primitivo IGT Puglia/ Salento (Alc. 12 - 14%) | 1.94  | - | 2.31           | ↑     |
| 2020                               | DOC Prosecco (Cannot be sold outside of Italy) | 2.19  | - | 2.25 | ↑     | 2020    | Sangiovese IGT (Alc. 11.50 - 13%)             | 0.91  | - | 1.09           | ↑     |
| 2020                               | Soave or Garganega DOC                         | 1.15  | - | 1.22 | ↔     | 2020    | Trebbiano IGT (Alc. 10.5 - 12%)               | 0.67  | - | 0.85           | ↑     |
|                                    |  |       |   |      |       | 2020    | Montepulciano D'Abruzzco DOC                  | 1.09  | - | 1.22           | ↔     |
| *Bottled Price                     |  |       |   |      |       |         |   |       |   | 0.71           |       |

| South Africa (Pricing in bulk; FOB Cape Town) |                 |       |   |      |       |         |                    |       |   | Rate: 0.070917 |       |
|---|-----------------|-------|---|------|-------|---------|--------------------|-------|---|----------------|-------|
| Vintage                                       | Variety         | Price |   |      | Trend | Vintage | Variety            | Price |   |                | Trend |
| 2020/21                                       | Generic White   | 0.38  | - | 0.46 | ↔     | 2020/21 | Generic Red        | 0.58  | - | 0.64           | ↔     |
| 2020/21                                       | Chardonnay      | 0.71  | - | 0.78 | ↔     | 2020/21 | Cabernet Sauvignon | 0.78  | - | 0.92           | ↔     |
| 2020/21                                       | Sauvignon Blanc | 0.71  | - | 0.85 | ↔     | 2020/21 | Ruby Cabernet      | 0.64  | - | 0.71           | ↔     |
| 2020/21                                       | Chenin Blanc    | 0.50  | - | 0.57 | ↓     | 2020/21 | Merlot             | 0.78  | - | 0.89           | ↔     |
| 2020/21                                       | Colombard       | 0.43  | - | 0.46 | ↔     | 2020/21 | Pinotage           | 0.71  | - | 0.82           | ↔     |
| 2020/21                                       | Muscat          | 0.43  | - | 0.46 | ↔     | 2020/21 | Shiraz             | 0.78  | - | 0.85           | ↔     |
| 2020/21                                       | Generic Rosé    | 0.43  | - | 0.46 | ↔     | 2020/21 | Cinsaut Rosé       | 0.57  | - | 0.64           | ↔     |
| 2020/21                                       | Cultivar Rosé   | 0.58  | - | 0.64 | ↔     |         |                    |       |   |                |       |



| Spain (Pricing in bulk; Ex-Winery) |                               |       |   |      |       |         |                              |       |   | Rate: 1.215142 |       |
|------------------------------------|-------------------------------|-------|---|------|-------|---------|------------------------------|-------|---|----------------|-------|
| Vintage                            | Variety                       | Price |   |      | Trend | Vintage | Variety                      | Price |   |                | Trend |
| 2020                               | Generic White                 | 0.30  | - | 0.43 | ↓     | 2020    | Generic Red                  | 0.34  | - | 0.55           | ↓     |
| 2020                               | White Blends (Higher Quality) | 0.43  | - | 0.49 | ↔     | 2020    | Generic Red (Higher Quality) | 0.55  | - | 0.67           | ↔     |
| 2020                               | Sauvignon Blanc               | 0.61  | - | 0.73 | ↔     | 2020    | Cabernet Sauvignon           | 0.55  | - | 0.67           | ↔     |
| 2020                               | Chardonnay                    | 0.79  | - | 0.91 | ↔     | 2020    | Merlot                       | 0.61  | - | 0.73           | ↔     |
| 2020                               | Generic Rosé                  | 0.34  | - | 0.49 | ↓     | 2020    | Syrah                        | 0.49  | - | 0.61           | ↔     |
| 2020                               | Varietal Rosé                 | 0.43  |   | 0.55 | ↔     | 2020    | Moscatel                     | 0.49  | - | 0.61           | ↔     |





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