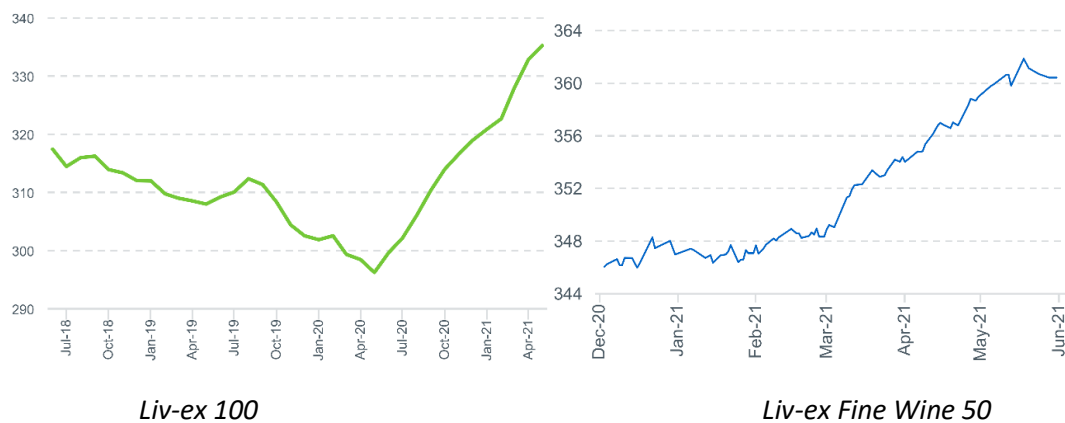


June Market Report – An uneven vintage in Bordeaux, but prices keep rising

Index 31/05/2021	Level	MOM	YTD	1yr	5yr
Liv-ex Fine Wine 50	360	0.4%	3.9%	9.4%	26.5%
Liv-ex Fine Wine 100	335	0.7%	5.1%	13.2%	31.8%
Liv-ex Bordeaux 500	331	0.4%	3.2%	8.6%	31.7%
Liv-ex Fine Wine 1000	373	0.8%	4.6%	9.0%	45.7%
Liv-ex Fine Wine Investables	363	0.4%	3.8%	10.6%	31.0%
FTSE 100	7,043	0.6%	9.0%	14.9%	13.0%
S&P 500	4,216	1.4%	12.2%	39.6%	101.0%
Gold	1,909	5.3%	0.3%	10.5%	57.1%



All about En Primeur?

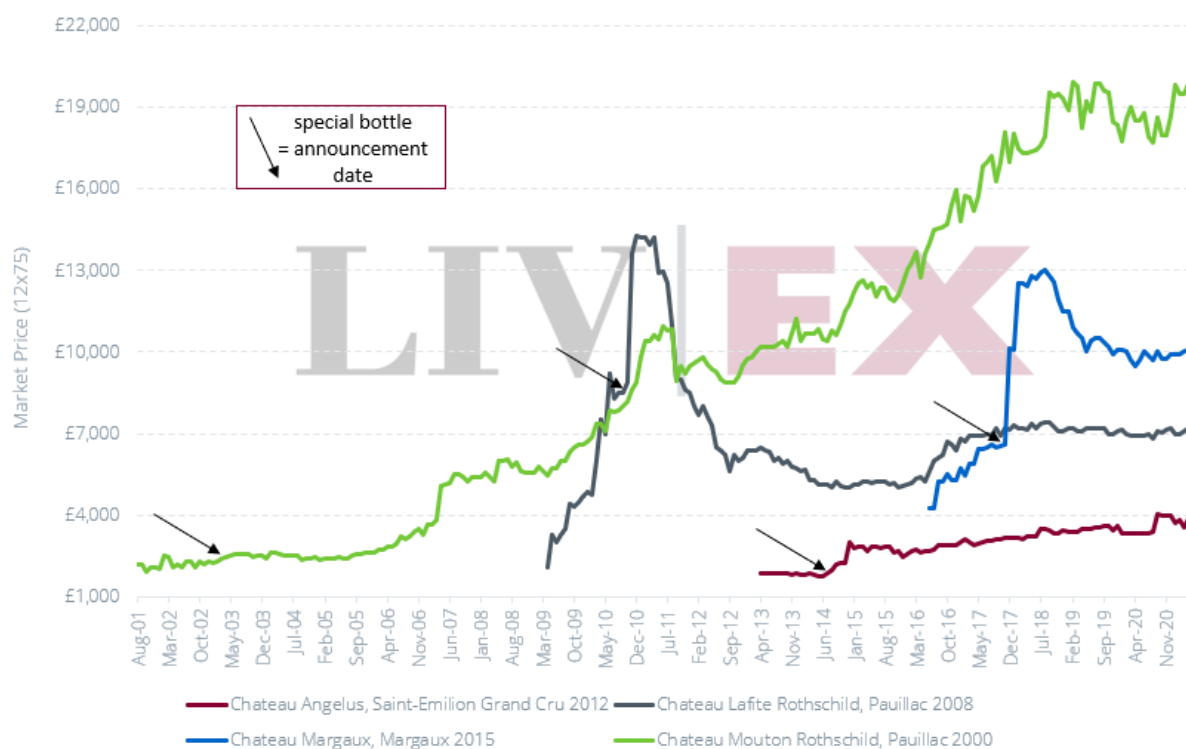
May was marked by eager anticipation of the Bordeaux 2020 critics’ reviews and the first releases of the new vintage. The pace of the campaign has thus far been slow and steady (too slow and steady for some) with only a few big names released so far – Angélus, Cheval Blanc, Pavie, Léoville Barton and Beychevelle – some of which have reportedly enjoyed strong sales. On average, release prices have come at a small premium to the *comparable* 2019s (up 8.5% ex-negociant and 5.3% UK trade). Some have offered Fair Value nonetheless.

In the physical market, Bordeaux shone less brightly. Its monthly trade share by value dipped from 44.2% in April to 36.2%. Trade was led by the 2018 vintage, followed by 2009 and 2016. Lafite Rothschild, Pontet Canet and Angélus dominated by both value and volume.

Champagne trade share by value (13.2%) reached a one-year high, as vintage Champagnes, both white (75% of the market) and rosé (25%), touched on record prices. The Champagne 50 is the leading [Liv-ex 1000](#) sub-index year on year, helping to push the broadest measure of the market to a new peak.

The [Liv-ex 100](#) index banked its twelfth consecutive month of gains this May, rising 0.7%. The index is up 13.2% over the past year despite the many headwinds the market has faced.

Chart of the month – Special release bottlings



Marking important milestones with special bottles or unique labels has become an increasingly popular trend in Bordeaux in recent years.

Mouton Rothschild might be said to have helped popularise this trend with its 2000 vintage, in the bottle engraved with the gold 'Augsburg Ram', one of the most famous examples.

Angélus and Pavie marked their elevation to Grand Cru Classé 'A' status with engraved bottles for their 2012 vintages. Margaux marked its 200th anniversary in 2015 with a special bottle and Lafite occasionally adds a small engraving to the front of the bottle in notable years – most recently for the 2018 vintage which marked the 150th year of ownership by the Rothschild family.

Cos d'Estournel has announced its 2020 vintage from the estate will be bottled in a unique, black and gold engraved bottle featuring the property's distinctive château and its pagodas.

Seen in the chart above, wines often (not always) see jumps in their prices with the announcement of a special bottlings. With Cos d'Estournel instead opting to announce this change during En Primeur, might the rise simply be reflected in the release price?

Major Market Movers – Bordeaux 2019

Major Market Movers: 2019 Bordeaux					
Wine	LWIN7	2019 UK release price	2019 Market Price	Performance	2020 release price
Chateau Lafleur, Pomerol	1011902	£5,800	£12,000	106.9%	£6,320
Petrus, Pomerol	1014033	£20,500	£41,148	100.7%	unreleased
Chateau Figeac, Saint-Emilion Grand Cru	1009769	£1,512	£2,500	65.3%	unreleased
Chateau Pichon Longueville Comtesse de Lalande, Pauillac	1014176	£1,365	£2,140	56.8%	unreleased
Chateau Pontet-Canet, Pauillac	1014307	£732	£1,137	55.3%	unreleased
Chateau La Mission Haut-Brion, Pessac-Leognan	1013179	£2,256	£3,466	53.6%	unreleased
Chateau Puygueraud, Francs-Cotes de Bordeaux Rouge	1014525	£90	£133	47.8%	£110
Chateau Clinet, Pomerol	1008225	£650	£940	44.6%	unreleased
Chateau Teyssier, Saint-Emilion Grand Cru Le Carre	1007837	£550	£756	37.5%	unreleased
Chateau Lafite Rothschild, Pauillac Carruades de Lafite	1007840	£1,896	£2,600	37.1%	unreleased
Le Pin, Pomerol	1014192	£22,000	£30,000	36.4%	unreleased
Chateau Mouton Rothschild, Pauillac	1013544	£3,588	£4,711	31.3%	unreleased
Chateau Les Carmes Haut-Brion, Pessac-Leognan	1007808	£816	£1,050	28.7%	unreleased
Lynsolence, Saint-Emilion Grand Cru	1012592	£302	£386	27.8%	£302
Chateau L'Eglise-Clinet, Pomerol	1009567	£2,590	£3,248	25.4%	unreleased

The 2019 Bordeaux En Primeur campaign was hailed as a much-needed success following several years of declining interest in the system. This success also came during the uncertain, early days of the pandemic, when critics were not able to travel, wines samples had to be shipped, and the restaurant trade withered completely.

This aside, the 2019 vintage was considered by most critics to be excellent, and the Bordelais released many of the wines at a sharp discount to the 2018s – 20% on average.

As a result, secondary market En Primeur trade (SEP contracts) for the 2019 vintage rose to its highest level since the 2012 vintage.

A number of 2019 wines have since seen an impressive price performance, while also remaining good value in the market, due to their large discounts and towering critic scores.

The wines in Table 1 are the top movers so far for the 2019 vintage. They are led by Château Lafleur up 106.9%. With tight allocations the wine is hard to acquire but consistently sees impressive secondary market performance.

Other notable wines include La Mission Haut-Brion, which was awarded 98-100 from Neal Martin (Vinous), who said, “I wager that ultimately this will become one of the wines of the vintage”.

Figeac 2019 also impressed. Antonio Galloni (Vinous) awarded it 97-99 points adding that he thought it a candidate for the same accolade.

Critical corner – Bordeaux 2020: where the critics agree at the top

Top scored Bordeaux 2020 wines						
Wine	Antonio Galloni	James Suckling	Lisa Perrotti-Brown	Neal Martin	Average score	Variance
Chateau Trotanoy, Pomerol	97	99.5	99	98	98.4	0.922
Chateau Margaux, Margaux	98	99.5	98	98	98.4	0.422
Chateau Haut-Brion, Pessac-Leognan	98	99.5	99	97	98.4	0.922
Vieux Chateau Certan, Pomerol	97	98.5	99	97	97.9	0.797
Chateau Mouton Rothschild, Pauillac	97	99.5	98	97	97.9	1.047
Chateau Pavie, Saint-Emilion Grand Cru	98	99.5	98	96	97.9	1.547
Chateau Smith Haut Lafitte, Pessac-Leognan Rouge	96	99.5	99	96	97.6	2.672
Chateau L'Eglise-Clinet, Pomerol	97	98.5	98	97	97.6	0.422
Chateau La Mission Haut-Brion, Pessac-Leognan	97	97.5	98	98	97.6	0.172
Chateau Canon, Saint-Emilion Grand Cru	96	98.5	99	97	97.6	1.422
Chateau Angelus, Saint-Emilion Grand Cru	97	98.5	99	96	97.6	1.422
Chateau Lafite Rothschild, Pauillac	96	99.5	97	97	97.4	1.672
Chateau Leoville Las Cases, Saint-Julien	96.5	98.5	97	97	97.3	0.563
Chateau La Conseillante, Pomerol	95.5	98.5	98	97	97.3	1.313

The majority of scores for Bordeaux 2020 are now out and we can begin to see which wines have impressed the critics the most.

Using four of the top critics for Bordeaux 2020 wines we can see that Trotanoy, Margaux, and Haut-Brion all received an average score of 98.4, the highest among their peers. Margaux has the smallest variance of the top three wines meaning critics were closest to agreeing on a score for the wine.

Further down the table we find the wine with the smallest variance overall, La Mission Haut-Brion, which suggests a high degree of confidence in its average score of 97.6.

Smith Haut-Lafitte Rouge on the other hand has the greatest variance of 2.672. All critics scored this wine highly, but scores ranged from a 96 (NM) to just under 100 (99.5, JS).

Average scores for 2020 are coming in slightly below that of 2019 and a touch above 2018. With 2020 international release prices averaging +5.3% on 2019, it will be interesting to see where the prices for these wines are when they become physical.

In the news

La Place de Bordeaux welcomed its first Sicilian wine to the distribution network. Produced by Piedmontese estate Giovanni Rosso, the wine - an Etna Rosso made from local grape Nerello Macalese on the slopes of famous volcano - will be offered through five négociants later this year.

Two eminent winemakers, Jim Clendenen, the founder of Sonoma winery Au Bon Climat, and Alejandro Fernandez, founder of Pesquera in Ribera del Duero, both died in May.

Bernard Arnault, the chairman of French luxury group LVMH, bought €440 million (£375m) in the company's shares through companies he and his family own, it was disclosed. LVMH's

share value has surged over 20% in the last year and Arnault is estimated to now be the world's second-richest man behind Amazon CEO Jeff Bezos.

Final Thought - The campaign so far

Following Cheval Blanc's surprise release in early May, there was a feeling that releases might begin earlier than originally thought.

Yet, while there were a smattering of classed growth releases such as Angélu, Pavie and Léoville Barton, for example, the rest of May proved rather quiet.

It has only been since the first week of June that the tempo of daily releases has picked up (albeit slightly). Beychevelle, Domaine de Chevalier, Lafleur and d'Armailhac, were all released last week, but there is a creeping sense the campaign lacks pace.

It does appear as though the greater number of the châteaux decided to wait for the critics this year, with Lisa Perrotti-Brown MW of the Wine Advocate and Antonio Galloni and Neal Martin at Vinous not publishing their reports until late May.

It was fully expected before the campaign that prices were due to rise again. A few châteaux, surprisingly, dropped their prices a little on their 2019s but the majority have raised them. The highest price rises so far have been pushing 20% but the average is (so far) around 5%.

Some of these releases have looked better than others. There were hopes that Cheval Blanc's modest increase of 3.5% would set the tone for the campaign, but prices have been creeping up and not to good effect.

That said, reports from négociants remain positive if cautious. European markets are described as "engaged", as are the bigger players in the US. Asian demand is described as muted.

Wines are selling, especially those with a strong brand. Then again, it seems that continuing stock retention in what is already a relatively small vintage will hamper volume sales where demand exists.

Clearly there is some interest in this vintage and the critics' scores will be creating demand in a number of wines; the First Growths and estates across Pessac-Léognan and parts of the Right Bank in particular.

It is an inconsistent vintage as many critics have said so demand was always going to be concentrated into key areas and estates. As such, it was never going to be a "blockbuster" campaign but if the pricing keeps creeping up and the pace remains lackadaisical, it may yet prove more limited than initially forecast.

Bordeaux: 2020 & 2019 release prices (12x75)				
Wine	LWIN7	2020 release	2019 release	2020 to 2019 % change
Chateau Pavie Decesse, Saint-Emilion Grand Cru	1013863	£996	£1,032	-3.5%
Chateau Pavie, Saint-Emilion Grand Cru	1013850	£2,892	£2,990	-3.3%
Chateau Lafon-Rochet, Saint-Estephe	1011986	£325	£336	-3.3%
Chateau Batailley, Pauillac	1006322	£336	£336	0.0%
Chateau Langoa Barton, Saint-Julien	1012172	£358	£354	1.1%
Chateau Cantemerle, Haut-Medoc	1007651	£218	£214	1.9%
Chateau du Tertre, Margaux	1015391	£328	£318	3.0%
Chateau Cheval Blanc, Saint-Emilion Grand Cru	1008108	£4,656	£4,500	3.5%
Chateau Lascombes, Margaux	1012299	£600	£577	4.0%
Chateau Quinault L'Enclos, Saint-Emilion Grand Cru	1014554	£312	£300	4.0%
Chateau Malartic Lagraviere, Pessac-Leognan Rouge	1012677	£347	£329	5.5%
Chateau Beychevelle, Saint-Julien	1007101	£695	£658	5.6%
Chateau Canon la Gaffeliere, Saint-Emilion Grand Cru	1007589	£652	£617	5.7%
Chateau Ormes de Pez, Saint-Estephe	1013632	£222	£210	5.7%
Chateau Gazin, Pomerol	1010514	£673	£630	6.8%
Chateau Branaire-Ducru, Saint-Julien	1007257	£372	£348	6.9%
Chateau Monbousquet, Saint-Emilion Grand Cru	1013182	£391	£365	7.1%
Chateau Angelus, Saint-Emilion Grand Cru	1006045	£3,048	£2,844	7.2%
Chateau Sociando-Mallet, Haut-Medoc	1015274	£275	£256	7.4%
Chateau La Lagune, Haut-Medoc	1012026	£324	£300	8.0%
Chateau Lafleur, Pomerol	1011902	£6,320	£5,800	9.0%
Chateau Haut-Bages Liberal, Pauillac	1011175	£311	£285	9.1%
Clos du Marquis, Saint-Julien	1008414	£450	£409	10.0%
Chateau Leoville Barton, Saint-Julien	1012361	£720	£650	10.8%
Domaine de Chevalier, Pessac-Leognan Rouge	1009408	£565	£495	14.1%
Chateau Lagrange, Saint-Julien	1012013	£425	£369	15.2%