

Extended Report
Q3 2020

LIV | EX
THE FINE WINE MARKET

Bordeaux 2019: The magic is back



Executive summary

For the first time in its history, En Primeur was launched away from the theatre of Bordeaux this year. In the words of UGCB President [Ronan Lobarde](#), “This year, Primeurs come to our customers’ door”. Yet the campaign proved to be a surprising success given the backdrop. It was surprising on many levels: It ended as quickly and suddenly as it started, critical opinion (when eventually published) placed 2019 as the best vintage of the decade, and the global trade reported higher sales (by volume) than for the 2018 release, itself regarded as a strong campaign. But as successful as it was, it was not without its challenges.

Bordeaux 2019 will be remembered as a compressed affair. A typical En Primeur campaign lasts from April through June. This year it happened in the space of four short weeks. This brevity had its downside: with circa 25 releases a day, only the top few names were afforded airtime. Naturally, these were often the success stories of the vintage. With 21% price cuts on average, En Primeur felt livelier than ever. The cuts reawakened demand and rebuilt some faith in a system that had become an increasingly difficult affair for all involved.

The market

Bordeaux 2019 price cuts were a nod to market stress. Expectations were relatively low as we entered the campaign, with many believing it should be postponed until next year. The macro-economic background was poor, and recent En Primeur campaigns had not provided the returns collectors had once grown to expect as our [opening report](#), “Bordeaux 2019: the value of time” showed. The Bordeaux 500 index had fallen 2.8% over the previous twelve months, while the region’s market share hit an all-time monthly low in April (40.7%). The 25% US tariffs were keeping American buyers at bay, while political tension in China and Hong Kong had led to faltering Asian demand. The outbreak of Covid-19 only added to the challenges as mainstream financial markets began to gyrate wildly. It would be an understatement to call it a difficult environment in which to release a new vintage, albeit not an impossible one, as it turned out.

The critics

Covid-19 posed challenges beyond the market environment. The En Primeur tastings in Bordeaux were cancelled and so those critics who agreed were sent samples to their homes. Few managed to taste all the key wines. With logistical challenges and inevitable delays there was little clarity as to when they would then publish their assessment of the vintage. Bordeaux 2019 thus got underway without the usual “guide” from the critics. Lisa Perrotti-Brown MW of [The Wine Advocate](#) introduced the concept of flash reviews, releasing small sets of reviews on the day of the releases themselves. James Suckling was the first to publish part 1 of his vintage report (including reviews of 450 barrel samples tasted at his Hong Kong wine bar) on 13th May.

Most Bordeaux 2019 reports, however, landed mid-way through the campaign. [Neal Martin](#), who Liv-ex members voted the most influential Bordeaux En Primeur critic in January 2019, released his report “Uncertain Smile” in mid-June, largely praising the vintage “shrouded by these uncertain times”. Antonio Galloni, Lisa Perrotti-Brown, Jane Anson, Roger Voss and Jeb Dunnuck, to name but a few, followed with

their full reports, agreeing on the impressive overall quality of the 2019 vintage. With merchants unable to taste the wines before buying this year, critical opinion and discounted prices were in sharp focus.

The releases

The waters might have been tricky to navigate but the campaign exceeded (the admittedly low) expectations. The mood music changed for the better as soon as Pontet Canet released down 31% on 2018. Palmer soon followed, also offering its wine at a 31% discount on the previous year. While prices were encouraging, volumes offered were often inadequate, which frustrated merchants and collectors alike. Most chateaux were not prepared to release full volumes at discounted prices choosing instead to hold stock for a later date. Might this strategy come back to haunt them?

Another trend that emerged was that the big brands, which have greater margins to play with, were often more fairly priced than the second and third tier wines.¹ Conversely, they offered smaller discounts for their second wines. Mouton Rothschild 2019, for instance, was released at 30.8% discount on last year; its second wine, Petit Mouton 2019, was down only 16.9% on its 2018. White wines like Smith Haut Lafitte Blanc and Haut Brion Blanc were also offered at smaller discounts than the reds. The 2019 campaign became a campaign largely for the big brands (and their Grands Vins), with cuts by up to a third grabbing the headlines. Most others were left in the dust.

Merchants reported a narrow campaign with around 30 wines seeing strong demand. The stand-out successes, according to merchant members polled, included Pontet Canet, Lynch Bages, Mouton Rothschild, Mission Haut Brion, Pichon Lalande and Clinet. Unlike in the recent past, an active secondary market for En Primeur developed – so active that the 2019 vintage has been leading Bordeaux trade by value in recent weeks. Where merchants sell out and collectors are prepared to pay a little more, a secondary market develops – often the mark of a well-judged release where all participants benefit. Marked by its unusual nature, the Bordeaux 2019 campaign navigated the treacherous waters of the global crisis and delivered some attention-grabbing moments.

1. As measured by Liv-ex's Fair Value methodology: <https://www.liv-ex.com/news-insights/fair-value-methodology/>

Vintage Comparison

Vintages do not live in isolation. To make En Primeur an attractive proposition, the wines not only need to deliver on quality but also to be priced more attractively than comparative wines available in the secondary market. It is for these reasons Bordeaux 2019 managed to strike a chord with (some) new and old collectors.

Despite the fragmentary nature and gradual publication of critic reviews, there was consensus about the quality of the 2019 wines. [James Suckling](#) was the first major critic to publish his assessment, in which he proclaimed that “the wines are outstanding quality, from simple Bordeaux to cru classe”. Lisa Perrotti-Brown MW ([The Wine Advocate](#)), who released flash reviews throughout the campaign, concluded that “2019 is an outstanding vintage” and said she had “been pleasantly surprised by the consistency in quality, from top to bottom, especially for such a warm, dangerously dry vintage”. For [Antonio Galloni](#) too, “there is no doubt 2019 is an outstanding vintage” with “exceptional balance” among the finest wines. [Jane Anson](#) (Decanter) asserted: “I can unhesitatingly say that 2019 is a successful vintage in Bordeaux”. [Neal Martin](#) (Vinous) agreed and asked: “Why feel guilty about success?”.

Table 1 is the breakdown of average critic score for this year’s releases per Bordeaux 500 sub-index. On average, the First Growths received the highest scores across the board, with the top wines of the Right Bank following suit. In his Bordeaux 2019 report, Jeb Dunnuck noted: “While the vintage does not favour one bank over the other – there are beautiful wines from every appellation – 2019 is unquestionably greatest in Pomerol and the northern Médoc appellations of Saint-Julien and Pauillac”. When it comes to the overall vintage, Suckling (97.2), Dunnuck (97) and Perrotti-Brown (96.9) were most generous in their scores for the wines that make up the Liv-ex Bordeaux 500 sub-index;² Galloni (95.2) and Jean-Marc Quarin (95.2) were the most sparing.

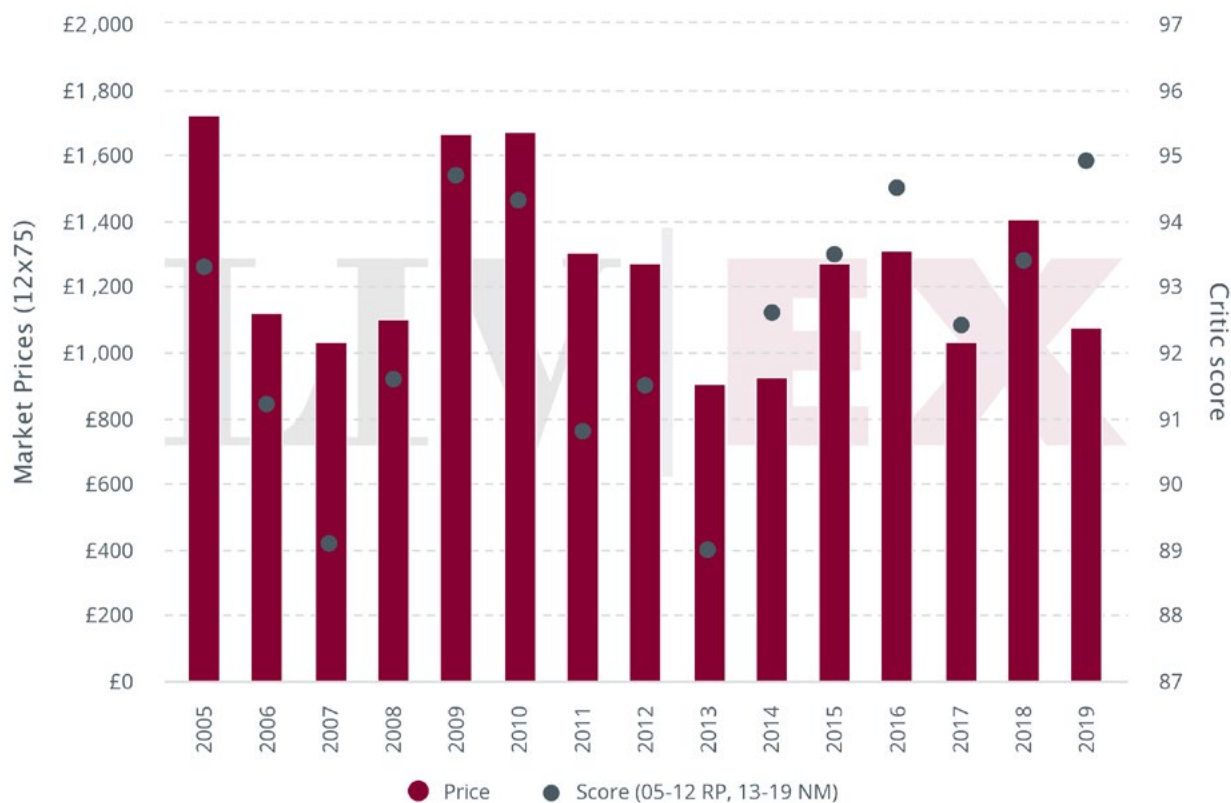
Table 1: Bordeaux 2018 average critic scores by Bordeaux 500 sub-index

Sub-index	AG	JS	JA	JMQ	JD	LPB	NM
Fine Wine 50	97.3	99.5	97.8	96.6	98.6	98.4	97.0
Left Bank 200	95.5	96.9	96.6	95.1	97.4	97.5	96.6
Right Bank 100	95.6	97.7	97.0	95.7	97.1	97.5	96.4
Right Bank 50			98.3	97.6			
Sauternes 50	91.8	95.0	96.5	91.3	95.0	95.0	95.5
Second Wine 50	93.0	96.0	93.4	93.5	94.8	93.0	92.5
Bordeaux 500	95.2	97.2	96.6	95.2	97.0	96.9	96.1

2. For a full list of the wines found in our Bordeaux 500 index, click here: <https://www.liv-ex.com/news-insights/indices/>.

Using 'Benchmark Critic' scores (RP 05-12, NM 13-19), Chart 1 compares the quality and pricing of the 2019 with that of previous Bordeaux vintages.³ With an average of 94.9 for the wines released this year, the 2019 leads the way. The average score for the same group of wines in 2016 is 94.5 and 94.7 in 2009.⁴ Moreover, the 2019 has come at a price much lower than other 'great' vintages, highlighting its relative value for money. On average, the 2019 wines were released down 21.3% on the current 2018 Market Price, down 17.6% on the 2016 and 15.2% on the 2015. The new vintage comes at 35.6% and 35.3% discount to the 2010 and 2009 respectively.

Chart 1: Bordeaux 2019 average release price vs current Market Prices (2005-2018) and 'Benchmark Critic' scores



3. Liv-ex's En Primeur charts show scores from Robert Parker (vintages 2005-2012) and Neal Martin (vintages 2013-2018) and are known as our 'Benchmark Critic' series. The reasons for this decision can be found here: <https://www.liv-ex.com/news-insights/fair-value-methodology/>.

4. The average prices and scores for each vintage exclude Petrus, Le Pin and Trotanoy, as these wines are not offered to the general public. It is also worth noting that there is a divergence in scores across the board, and the average score covers only the top brands released annually.

The scores, however, do not tell the whole story. Although critics rated the vintage rather highly, many implied in their reports that it is not the greatest vintage of the recent past. Anson, for instance, said that she “would still put 2010 and 2016 as the best vintages of the past decade, but 2019 is not so far behind, in the best places”. According to Voss, the 2019 vintage “doesn’t have the power and tannins of 2018 and 2016”. He saw the 2019 as “a cross between the openness of 2009, a popular vintage for American wine lovers, and the more structured 2010, perhaps with a little light 1999 thrown in”. For Dunnuck, “If you look at the current list of benchmark vintages, including 1989, 1990, 2000, 2005, 2009, 2010, 2016, and 2018, the 2019 vintage may check in near the top of the list”. In an exclusive interview for Liv-ex members, Perrotti-Brown confirmed that the 2019 vintage is up there with 2009, 2010 and 2016. However, despite awarding 11 wines with an upper range of 100 points, another three up to 99+, and another six up to 99, she noted that 2019 “certainly wasn’t a vintage that you could blindly stick the highest scores on the châteaux with the highest classification ranking/reputation”.

Although 2019 is Martin’s highest scoring vintage on average (for wines in the Bordeaux 500), the critic wrote: “Two thousand and nineteen is a great vintage. [...] Where it stands in the context of elite growing seasons such as 2000, 2005, 2009, 2010 and 2016 is another matter. [...] Having tasted all the aforementioned vintages in barrel and regularly in bottle, there are instances where the 2019 vintage does surpass everything I have tasted at this unfinished stage, and others where I feel the benchmark 2016s will ultimately be superior. Speaking to winemakers and inviting them to compare the two, while some are adamant that their 2019 eclipses their 2016, the hesitation in others spoke a thousand words.” He added that according to his “sober judgment, one privately shared by a few merchants that I spoke to, is that [2019] might be a notch below the 2016s”.

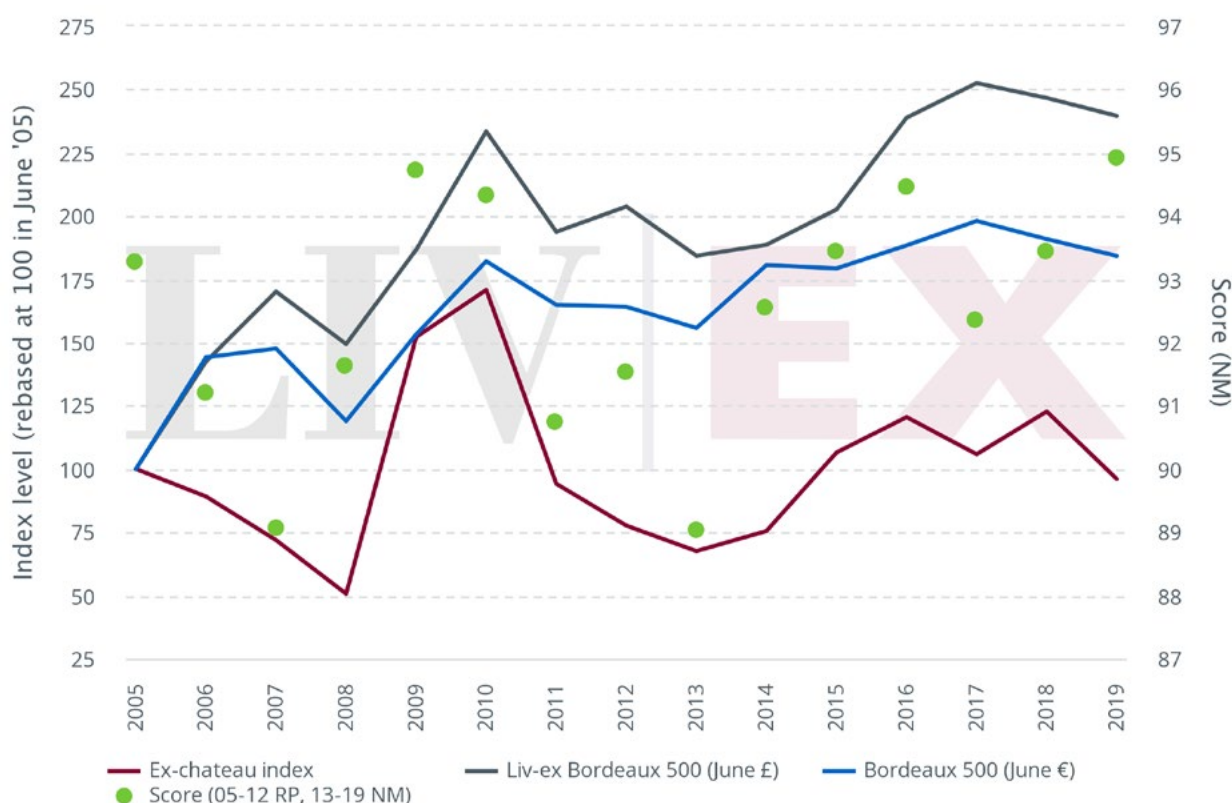
Critics also acknowledged the value of fair pricing in this market environment. Already in May (before the releases), Suckling noted that the chateaux had “agreed that prices have to come down [...] from about 10 percent to 40 percent”. In his final report (towards the end of the campaign), he remarked that “the futures market for 2019 will offer some superlative deals”. Dunnuck also noted that “given that prices can be down as much as 20-30%, this is an opportunity for consumers to buy a great vintage – at solid prices”. Many seem to have taken advantage of this opportunity as the vintage saw an increase in demand and an uptick in activity, particularly for the top-value wines. As Martin put it, the 2019 En Primeur campaign “almost seems impervious to global crises given reports of sold-out allocations”.

Release Prices

Historically, En Primeur release prices have moved in line with the overall quality of the vintage rather than with secondary market trends. Bordeaux 2019 stands as the exception. Despite rating 1.5 points higher than the preceding 2018 vintage, the ex-chateau index came down 21.8% on last year, with the Bordeaux 500 index dipping 2.8% in sterling and 3.5% in euro over the same period.

As seen in Chart 2, the 2019 vintage released ex-chateau at a level comparable to the great 2005 (in fact, down 4%). Ex-negociant release prices were down on average 22.1% on the 2018 and 20.2% on 2016.

Chart 2: Ex-chateaux price index vs Bordeaux 500 index (£, €) and 'Benchmark Critic' scores



Most 2019 wines were priced at or below their 'Fair Value' and at a discount to the rather inflated Bordeaux 2018 release prices. Lafleur was one of the few exceptions, releasing at the same prices as its 2018, however with some justification as last year's release has since risen by 135.6%.

Due to the cancelled En Primeur tastings and the delayed critic reviews, Bordeaux producers were unable to price their wines on the back of scores or by understanding the trade's impression of the vintage, which tasting in Bordeaux allows. Most wines were priced and offered before general critical opinion had emerged.

Although the quality of the 2019s was judged by many Bordelais to be better than that of the 2018s, the macro-economic climate exerted pressure on producers to release the new vintage at a price the market simply could not refuse. As the recent past has shown, En Primeur returns for "great vintages" have not been attractive enough for collectors. The chateaux had little choice but to listen to the market – and release a good vintage at an acceptable price level. Most, but not all, managed this.

Fair Value?

With many of the wines this year coming to the market priced below a number of recent vintages while receiving a higher score, 'Fair Value' was sure to be achieved. The methodology represents a more rigorous way of assessing the price of a wine rather than the antiquated focus on year-on-year price change. For instance, a wine can go down in price from the previous year and still appear overvalued.

Chart 3: Difference from Fair Value for Bordeaux 2019 using Benchmark Critic scores



Chart 3 shows the percentage difference between 'Fair Value' and the international merchant release prices for the 2019 En Primeur campaign when using the 'Benchmark Critic' scores. On average, the 2019 En Primeur releases were priced 18% below their implied 'Fair Value'. The percentage change versus 2018 release prices is also displayed as a reference point. It is clear that the percentage change versus 2018 has little bearing on the degree of 'Fair Value' offered by the 2019 release.

Of the 40 major releases that showed strong correlation to 'Benchmark Critic' scores (over 50%), 38 appeared to have represented good value. We hypothesise that over time wines will tend toward their 'Fair Value' price. Hence, wines offering more value should be bought at En Primeur. Typically, though not always, the most 'undervalued' wines provide the best returns as the price moves up to 'Fair Value' in the secondary market whereas 'overvalued' wines provide the worst return.

Clinet 2019 presented the best value against Neal Martin's score, as seen in Chart 3. As the highest score ever received from Neal Martin by the estate, the release came out 53% below the implied 'Fair Value' line. Although Martin did not taste the Pontet Canet 2019 – a stand-out success of this campaign,

and first to release – the wine offered great value when using the scores of Perrotti-Brown (98-100) and others as a measure.

The wines that drew the greatest demand this year (and saw the development of a secondary market) by and large sit on the left-hand side of the chart above, i.e. they were released at the greatest discounts to ‘Fair Value’. The problem, however, in too many cases, was allocations - release prices were well pitched, but too often the supply was not there as chateaux reduced the number of cases released onto the market. For many in the trade, this led to one of the top three descriptors of the campaign: Frustrating.

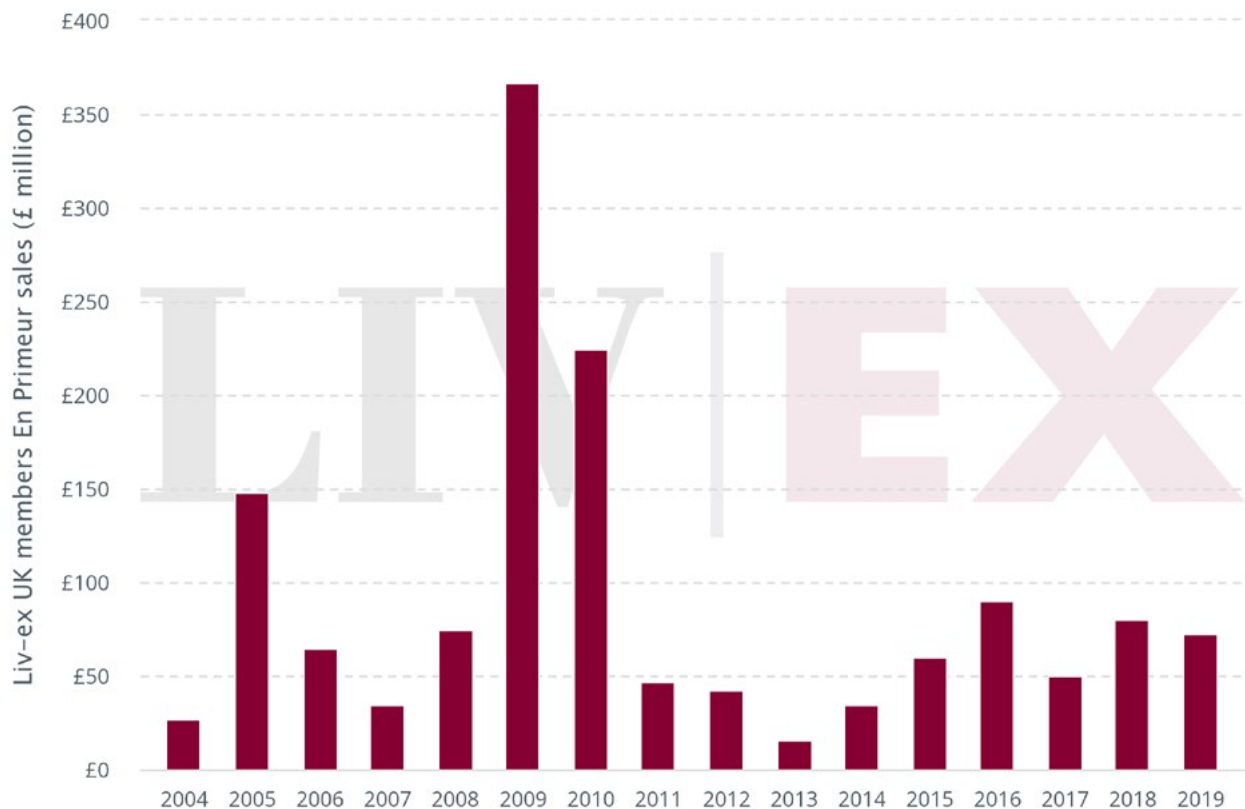
En Primeur Sales

The sales picture this year was more mixed than the headlines might suggest. Merchants have reported contrasting figures. Those for whom En Primeur is not normally a large part of their year were drawn back into the fold by firm demand from their collector-base. Sales for these more “part time” players were up by both value and volume. But for the regular EP players, this year has seen the value of sales drop by as much as 30% as both price and volume cuts took their toll.

The campaign seems to have attracted demand for the big brands, which were far more affordable than in recent years. Beyond the First Growths the stand-out successes were Lynch Bages, Pontet Canet, Cheval Blanc, Pichon Lalande, Canon, Figeac, Clinet, Lafleur, Palmer and Mission Haut Brion.

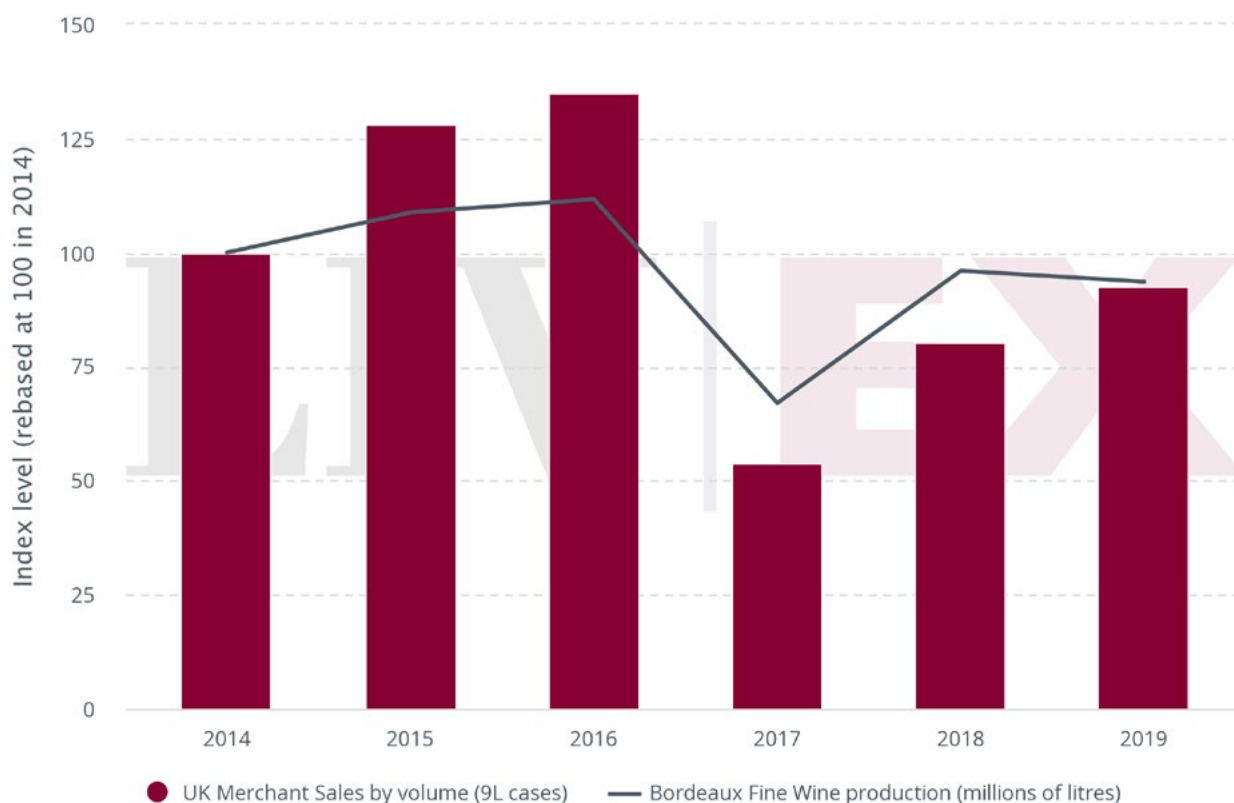
Members of the trade described the campaign as “welcome” and “better than expected” though “stressful”, “quick” and “condensed”. Some said “value” and “quality” defined Bordeaux 2019, while others thought it was “narrow” with too many wines not afforded the airtime they undoubtedly deserved.

Chart 4: Liv-ex's UK members' En Primeur sales by value



To put words and figures into perspective, Chart 4 shows the En Primeur sales by value of the top 20 UK merchants, reported to Liv-ex. On average, their sales decreased by 10% on 2018, but surpassed those achieved in 2015 by circa 20%. The lower value figure is due in the most part to lower priced wines and some significant cuts in the volumes released, rather than a lack of demand.

Chart 5: Liv-ex’s UK members’ En Primeur sales by volume (vs Bordeaux production)



Although sales by value were down 10% on 2018, volumes sold increased by approximately 15%. A member whose volume sales increased by over 30% highlighted that there was “not enough stock” this year. Despite the generous yields of the vintage, most of the leading chateaux reduced the volumes released onto the market. This led to frustration amongst merchants who could not develop new clients and were asked to take on all sorts of other, often unrelated, wines in order to meet demand.

As to where the buying came from, merchants reported that their client-base mainly consisted of the “usual” customers, with some old hands returning to buy En Primeur for the first time in years attracted by the fair prices. Happily, most merchants did see some first-time buyers emerge – a new generation looking to start a cellar – but the lack of volumes in the desired wines made this more challenging than it might have been. Many felt that it was a missed opportunity.

Volumes released onto the market are always hard to establish as Neal Martin highlighted in his vintage report for Vinous. He wrote:

“Châteaux rarely if ever disclose the percentage of production released onto the market. How do you know whether 10% or 50% of this year’s crop remains unreleased? Which properties sell everything apart from bottles for their own private use and which keep back a large proportion to sell later at price where they don’t have to grit their teeth? Your guess is as good as mine. It is designed to create an illusion of scarcity when Bordeaux is anything but. For sure, some properties are sitting on half their production, which they are perfectly entitled to do. I just wish they would be open about it.”

Table 2 points to this tendency of withholding stock. The list is far from comprehensive but increasingly indicative of the strategy of many producers.

Despite the uptick in demand this year, many chateaux chose to ignore the opportunity to sell greater volumes by releasing decent amounts of their production onto a market with “hungry buyers”. It seems that there is a continued belief that by squeezing supply, prices will rise. The problem here becomes one of market perception. If the market knows (or simply feels) that the supply exists, but is not being offered, it views it as an overhang. Prices struggle to rise under such conditions.

Table 2: Bordeaux 2019 reduction of volume

Chateau	Volume reduction from 2018
Lafite Rothschild	50%
Leoville Las Cases	35%
Cheval Blanc	30%
Figeac	30%
Pichon Lalande	25%
Mouton Rothschild	20%
Lynch Bages	20%
Leoville Barton	20%
Cos d’Estournel	20%
Conseillante	20%
Grand Puy Lacoste	15%
Leoville Poyferre	10%
Calon Segur	5%

Conclusion

The Bordeaux 2019 En Primeur campaign grabbed the market's attention in a time of great uncertainty and considerable financial stress. While the quality of the vintage played an important role, the success of the campaign was squarely down to its attractive pricing. The market showed the chateaux that it can absorb their stock if they allow them to. However, the reduction of volumes released was a source of continued frustration and narrowed the opportunity for merchants to develop a new generation of buyers.

Secondary market trade for the new releases has far surpassed that of 2018 and for the first time in years, several wines are selling at a happy premium to release. This usually signals a campaign well-pitched and well-received. Indeed, it should point to future price appreciation rather than the price drift that's followed far too many vintages of late. But there remain some long-term concerns.

Bordeaux wine continues to build up in the cellars of both the chateaux and the supply chain. While the international merchant community has largely given up on the allocation system, instead buying only to order (not for stock), negociants can ill afford this luxury. The result is a continued expansion of the balance sheet as stock increases, much of it being debt financed. It seems unlikely that the 2019 campaign will have changed this. The compressed nature of the campaign allowed little time for reflection, and far too little time for many of the lesser names to reach the market. Most of those wines remain unsold, in Bordeaux.

Bordeaux has for centuries been a staple in every collectors' cellar, and the annual En Primeur campaign has long been the most exciting time for the wine trade, a unique part of the fine wine world. This campaign brought back some of the magic of the past. Briefly, it captured the imagination of all involved in the world of fine wine. Nothing else mattered. Only Bordeaux mattered. But now it is over. The question is, did the campaign match the potential bestowed upon it by mother nature and the hard work done on the ground. Not enough people think so.

If Bordeaux offers good quality wines at attractive prices, En Primeur will always resonate with buyers, as it consistently did at the beginning of this century. All things considered, the adaptability and innovation of the Bordelais during this global crisis deserves to be applauded. There is a willing market out there ready for the magic of Bordeaux – the producers simply need to grab the opportunity.