

Market Report

August 2020

Index	Level (31/07)	MOM (%)	YTD (%)	1y (%)	5y (%)
Liv-ex Fine Wine 50	328	-0.7%	-2.0%	-5.9%	22.3%
Liv-ex Fine Wine 100	300	1.5%	-0.8%	-3.2%	24.3%
Liv-ex Bordeaux 500	307	-0.5%	-0.5%	-3.4%	28.9%
Liv-ex Fine Wine 1000	346	0.5%	-0.6%	-3.3%	40.8%
Liv-ex Fine Wine Investables	332	0.5%	-0.4%	-3.1%	26.5%
FTSE 100	6,152	0.4%	-18.4%	-17.2%	-5.7%
S&P 500	3,271	6.9%	1.2%	9.8%	55.5%
Gold	1,957	9.8%	28.2%	36.9%	78.7%

Unique wines traded reaches all time high

The month of July saw tremendous growth in the number of distinct wines traded. The number of actual wine labels (LWIN7s¹) traded broke through 1,000 for the first time. The ever-expanding list of distinct wines came at the expense of Bordeaux, whose market share fell to a new low of 40.7%. However, wines from the region were the most traded - Petrus 1989 by value and Chateau Mille Roses Haut Medoc 2012 the most by volume.

For the first time this year **both** the Liv-ex 100 and Liv-ex 1000 posted positive gains in the month. Within the Liv-ex 1000, the ROW60 led, up 1.32%, followed by the Burgundy 150 (1.31%). The Champagne 50 continued its impressive year-to-date performance, increasing 1.19% on the month – now up 3.35% YTD. The Bordeaux-dominated Fine Wine 50 and the Bordeaux 500 both drifted slightly.

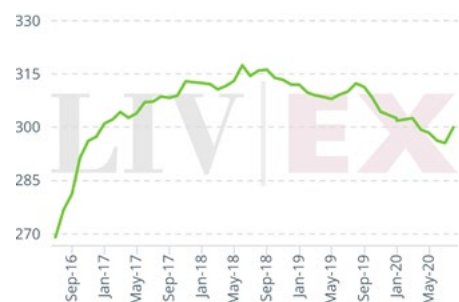
Trade volumes stayed near the record levels set in April earlier this year. Rosé sales hit a high in July as we head into the middle of summer. Multiple whiskies, sherries, and brandies all saw trade activity this month. Additionally, the USTR announced that sparkling wine would not be included in any new 25% tariffs – set to be revisited again in January 2021.

1. LWINs are unique 7, 11, 16 or 18-digit codes. The 7-digit code refers to the wine itself (i.e. the producer and brand, grape or vineyard). The longer codes include information about the vintage, bottle and pack size. Find out more [here](#).

Liv-ex Fine Wine 50 Index



Liv-ex Fine Wine 100 Index



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Major market movers – The New World and Burgundy

This month's major market movers are a selection of wines from the top-moving Liv-ex 1000 sub-indices - the ROW60 and Burgundy 150. Screaming Eagle Cabernet Sauvignon 2012 was the top-moving wine, increasing by just over 10% in price. Screaming Eagle spent all four weeks of July in the weekly top-traded wines by value list. Its 2016 vintage was the most popular but has drifted slightly in price through the month. The 2017 vintage, available only in magnum, has traded relatively flat on the year.

Table 1: Top market movers in July

Region	Wine	Vintage	June	July	Change
USA	Screaming Eagle, Cabernet Sauvignon	2012	£27,600	£30,400	10.1%
Burgundy	Joseph Drouhin, Montrachet Marquis Laguiche	2016	£4,436	£4,860	9.6%
Australia	Penfolds, Grange	2014	£3,595	£3,861	7.4%
Burgundy	DRC, Echezeaux	2014	£15,682	£16,760	6.9%
Burgundy (white)	Bonneau Martray, Corton Charlemagne	2008	£1,559	£1,700	9.1%

Source: Liv-ex.com / Mid Price per 12x75

Critical Corner

Jane Anson of Decanter looked back at the first vintage of the new millennium focussing squarely on the First Growths. Haut Brion and Margaux were scored highest, both receiving 100s. They are also available at significant discounts to the other Firsts. The wine inside the bottle is not the only thing to go through substantial change. According to the Anson's report, most of the estates have either grown or stayed the same in the past quarter century, with most expanding in size. Margaux, on the other hand, is the exception to the rule and is the only estate that has decreased in size.

Table 2: Jane Anson revisits the 2000 vintage

Wine name	Region	Vintage	Score	Estate size 1996 (ha)	Estate size 2020 (ha)
Chateau Haut Brion	Pessac-Leognan	2000	100	53	53
Chateau Margaux	Margaux	2000	100	90	82
Chateau Latour	Pauillac	2000	98	65	92
Chateau Lafite Rothschild	Pauillac	2000	98	94	110
Chateau Mouton Rothschild	Pauillac	2000	96	59	83
Chateau d'Yquem	Sauternes	2000	96	113	113

In the news

Fine wine in the first half of 2020

Throughout July we highlighted the trends and market performance seen in the first half of the year. The market [broadened significantly](#), seen by a decrease in Bordeaux market share and a record amount of LWINs traded. However, First Growths remained as some of the [most heavily-searched-for](#) wines, leading in both Asia and the UK.

Even with merchants' eyes on Bordeaux, a wine from the region did not make an appearance on the [top price performers](#) list in the first half of the year. Instead the list was dominated by Italy and Champagne – taking up seven of the top 10 spots. DRC Tache 2007 saw the most movement with a 15% increase, followed closely by Sassicaia 2009 and Vieux Telegraphe Chateauneuf-du-Pape La Crau Rouge 2015. Giacomo Conterno Barolo Riserva Monfortino 2013 was the most-traded wine by value, beating out Dom Perignon 2008 for the top spot.

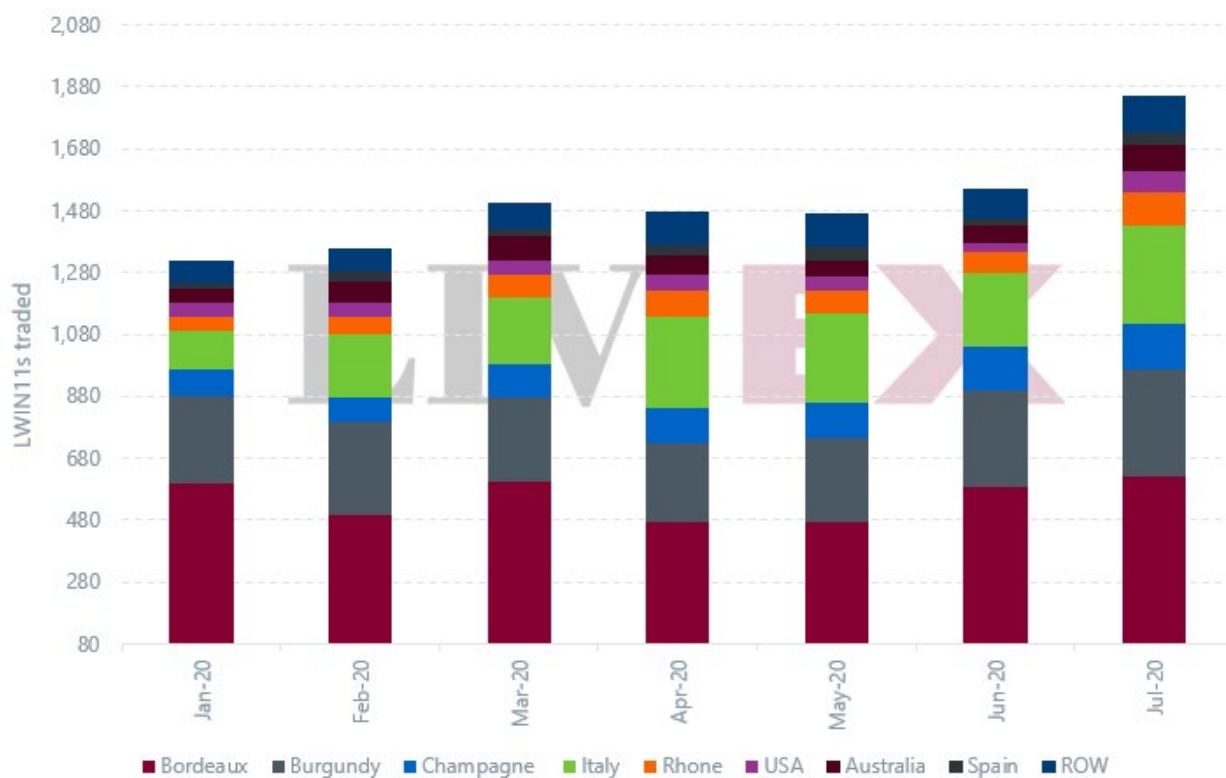
July new releases

The fourth vintage of [Ao Yun 2016](#) was released in the UK in early July at £2,340 per 12x75. Ao Yun was the first Chinese wine to trade on Liv-ex shortly after it was released in 2016. [Dom Perignon 2010](#) was also released in July at £1,240 per 12x75, the same opening price as the 2008. The brand's decision to go forward with the 2010 vintage stemmed from the Dom Perignon proposition – as a vintage-only Champagne, their aim is to release an expression from every harvest, rather than just in the best years. [Gaja Barbaresco 2017](#) released at £1,590 and became the first major Barbaresco release of 2020. Antonio Galloni described it as a “gorgeous example of the year”.

Chart of the Month

Year-to-date, LWIN¹ – the universal identifier of wine and spirits – growth skyrocketed in July when unique LWIN7s (wine) traded broke past 1,000 for the first time in Liv-ex history and LWIN11s (wine and vintage) expanded on the previous highest week by over 20%. Seen in Chart 1, Italy has been one of the main drivers of growth, having almost tripled since January (light green). Although smaller regions of trade, Australia (maroon) and Spain (grey) have both doubled the quantity traded since the beginning of the year.

Chart 1: LWIN11s traded by region - year-to-date



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Final Thought

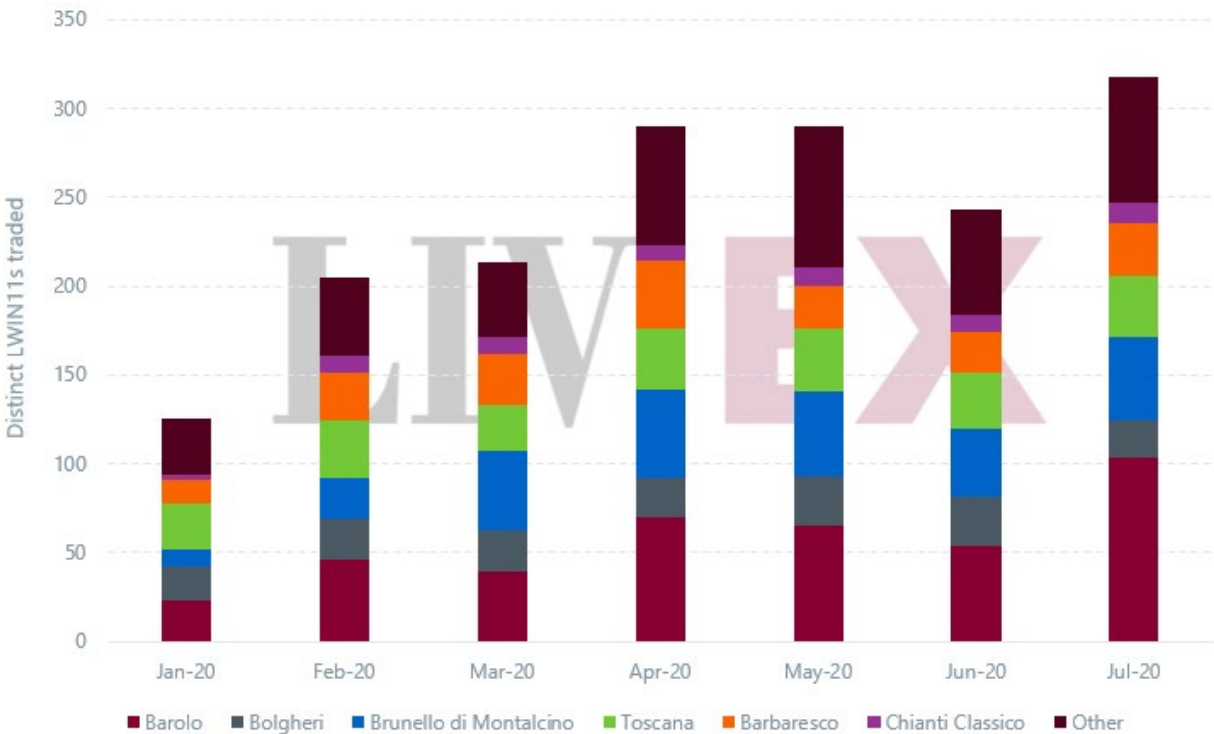
Italy: increased expansion

Just a few years back, in 2016, Bordeaux made up 74.1% of trade by value and Italy sat at a mere 5.7%. Four years later that number has fallen for Bordeaux to 46.3% ytd and has grown to 14.5% for Italy, nearly doubling from where it was in 2019 alone.

In the past 10 years, trade value of the overall market has grown at a compounded annual rate of 9.0% - trade value for Italian wines in that same period, 28.5%. And as the wine market continues its broadening into 2020, Italy is at the forefront of growth once again.

Active wines were up 12.1% for the overall market in the first seven months of the year and of those wines in play, more Italian wines than ever are being traded. Unique LWIN11s traded for the region increased 153.6% over the period. Additionally, in the first seven months of the year, Italian trade value was up over 70% year-on-year. It is forecast that by the end of August, Italian trade by value will surpass the whole of 2019.

Chart 2: Italian LWIN11s traded by region

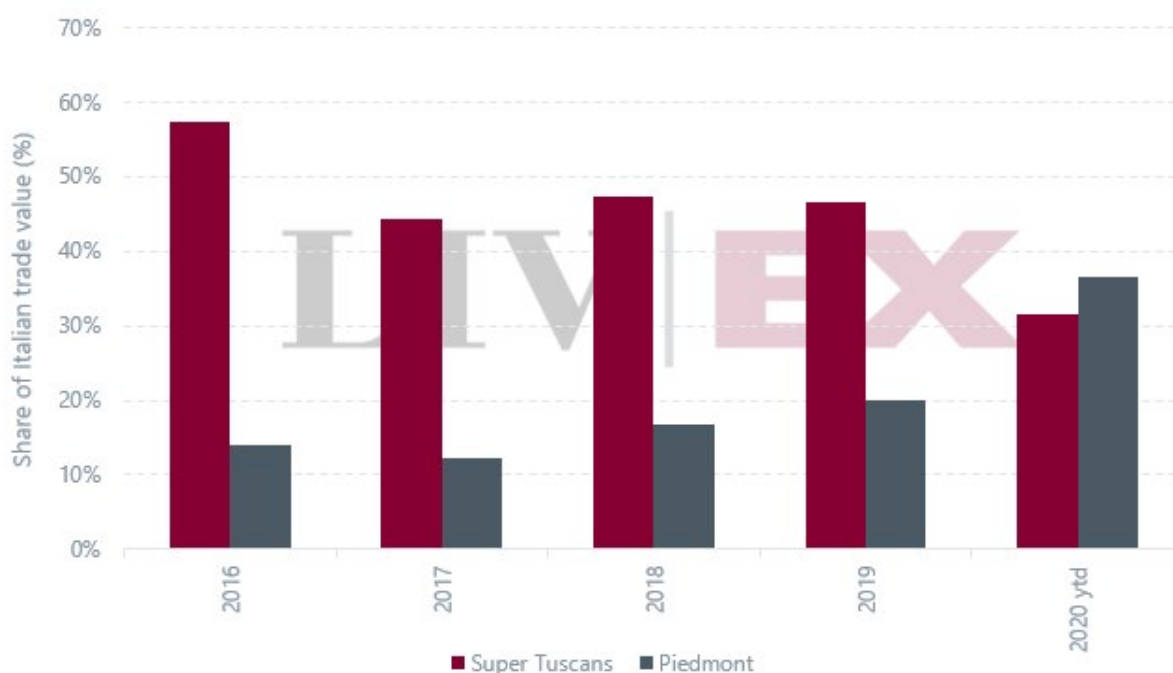


While Bolgheri and Toscana, which include the five Super Tuscan, have seen growth since the start of the year, they have lagged behind the growth rates of other areas. Barolo, Brunello di Montalcino and the much smaller (in terms of trade share) Chianti Classico have all seen their LWIN growth surpass 300% in the first seven months of the year.

Barolo now trades three times more unique wines a month than Toscana, despite starting the year on equivalent levels. The Others category has seen large growth too as more unique wines from the less traditional regions of Italy find the trade.

Super Tuscans dominated trade by value for Italy, up until this year. Barolo and Barbaresco combined to surpass these once dominant wines, seen in Chart 3. Giacomo Conterno Barolo Riserva Monfortino 2013 led trade by value in the first seven months of the year, far outpacing Sassicaia 2017, second on the list. The most-traded by volume was Produttori Barbaresco Barbaresco 2013. This was the **first time** that two Piedmont wines have held these accolades.

Chart 3: Super Tuscan v. Piedmont – share of Italy trade by value



This is not to say the Super Tuscans have missed out on the action. The Italy 100 is up 2.37% year-to-date and up 4.29% over a one-year period, the second best-performing index over the two periods. Within this, the Super Tuscans have risen 4.2% year-to-date and 8.8% over a one-year period. Sassicaia leads performance, up 14.5% over the past year and is followed closely by Tignanello, up 13.3%.

There are several reasons as to why Italy has done so well in 2020, not least being immune from the effects of the 25% US tariffs on EU wines with a 14% ABV and under. The wines of Italy continue to offer relative value against the top wines of Bordeaux and Burgundy, and recent vintages (2015, 2016 and 2017) are considered to set new benchmarks for many producers. With few signs of headwinds ahead for Italy, the country seems certain to remain in focus as the year rolls on.