

# Market Report

## December 2020

Index	Level (30/11)	MOM (%)	YTD (%)	1y (%)	5y (%)
Liv-ex Fine Wine 50	346	0.5%	3.3%	2.5%	32.2%
Liv-ex Fine Wine 100	317	0.8%	4.7%	4.0%	33.8%
Liv-ex Bordeaux 500	318	-0.3%	3.0%	2.4%	34.4%
Liv-ex Fine Wine 1000	353	0.1%	1.3%	0.7%	44.2%
Liv-ex Fine Wine Investables	348	0.8%	4.6%	3.9%	34.6%
FTSE 100	6,365	14.2%	-15.6%	-13.4%	0.1%
S&P 500	3,622	10.3%	12.1%	15.3%	74.1%
Gold	1,775	-5.8%	16.3%	21.1%	66.5%

### November sets further records

November was one of the most active months in years, harking back to the heady days of 2010 when China led demand was driving Bordeaux forever upward. The picture today, however, is quite different. Today, the market has over double the number of merchants trading, twice as many wines, and nearly four times the number of transactions compared to a decade ago.

In 2010, a frenzy of activity in the 2009 En Primeurs, led Bordeaux's full year trade share to its record high of 93.2%. By contrast, this November, Bordeaux accounted for just 37.6%. (Although it has been inching up since its low of August 2020, perhaps suggesting a nascent recovery). This is due to the continued broadening and diversification of the market. Just this month, Liv-ex saw the first ever trade for Slovenian wine (Marjan Simcic Pinot Noir Selekcija 2015). The Rest of the World category made up 4.6% of trade by value, surpassing the Rhone's humble market share of 2.9%. Burgundy's trade share increased the most, from 19.6% in October to 23.3%, while Italy rose from 14.9% to 15.1%. Champagne maintained its share at 9.3%, while the USA dipped from 10.8% to 7.2%.

After a difficult beginning to the year, wine prices have risen for the past six months and the Liv-ex 100 is now at its highest point since the autumn of 2011. The index closed the month at 316.63, up 0.84% on October. The broadest measure, the Liv-ex 1000 index, rose 0.06%, with particularly strong performances from the Italy 100 (2.4%), Champagne 50 (2.2%) and Burgundy 150 (1.1%).

Liv-ex Fine Wine 50 Index



Liv-ex Fine Wine 100 Index



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## Major Market Movers - Vintage Champagne

As seen in Chart 1, Champagne has had an impressive year and this month's top movers have certainly contributed to those numbers. The early 2000 vintages were the best performers, with 2002 featuring the most in the top five. Salon Le Mesnil - the most expensive Champagne in our regional indices - its 2002 vintage increased 9.8% this month. It was followed closely by Moët & Chandon Dom Pérignon 2003, up 9.7%. In a recent vertical, Antonio Galloni said the 2003 DP rose is "distinguished by its vertical build and real sense of gravitas".

**Table 1: Top market movers in November**

Region	Wine	Vintage	October	November	Change
Champagne	Salon, Le Mesnil	2002	£5,460	£5,950	9.8%
Champagne	Moët & Chandon, Dom Pérignon Rose	2003	£1,850	£2,000	9.7%
Champagne	Pol Roger, Sir Winston Churchill	2006	£1,244	£1,330	7.2%
Champagne	Moët & Chandon, Dom Pérignon	2002	£1,500	£1,583	6.7%
Champagne	Taittinger, Comtes Champagne	2004	£1,162	£1,225	6.1%

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

## In the news

### China imposes hefty tariffs on Australian wine

On Friday 27th October, after finding preliminary evidence of dumping, Chinese regulators announced tariffs between 107.1% and 212.2% on Australian wine. Australia denies the claims. According to [Wines of Australia](#), China has been Australia's fastest-growing export market over the past five years, and until now, has led in terms of sales by value. Since the announcement, [The Drinks Business](#) reported that Treasury Wine Estate have decided to pull back some of their Penfolds range from China.

### Chinese artist commissioned for Mouton Rothschild's 2018 label

Every year since 1945, a famous artist has created an original artwork for the label of Chateau Mouton Rothschild, with complete freedom as to the design. This year, the First Growth Chateau announced that the wine label for their 2018 vintage was created by the [Chinese artist and writer Xu Bing](#). The label is composed of letters from the Latin alphabet that are structured and written to resemble Chinese characters. In their press release, Mouton Rothschild explained that "the characters in the artwork are designed by Xu Bing to reveal themselves to the attentive reader one after the other, in the same way that the aromas and flavours of a very fine wine, with patience, are also gradually discovered." The price of Mouton 2018 has risen 12% since the announcement.

## Critical Corner - James Suckling's top German wines in 2020

Germany is increasingly present on the secondary market, with the number of distinct wines trading rising 350% in just one year. As part of his annual coverage on the top wines of the year, James Suckling released a list of his favourite German wines. Interestingly, seven of Suckling's top 10 wines carry the VDP's 'GG' trademark (an indication of quality). Back in February, we interviewed the VDP organisation on the future of German wine, which you can read [here](#). Furthermore, Suckling's top ten wines exclusively come from the 2019 and 2018 vintages, with the latter being a potential "100-point vintage" according to the critic. You can read his full report [here](#).

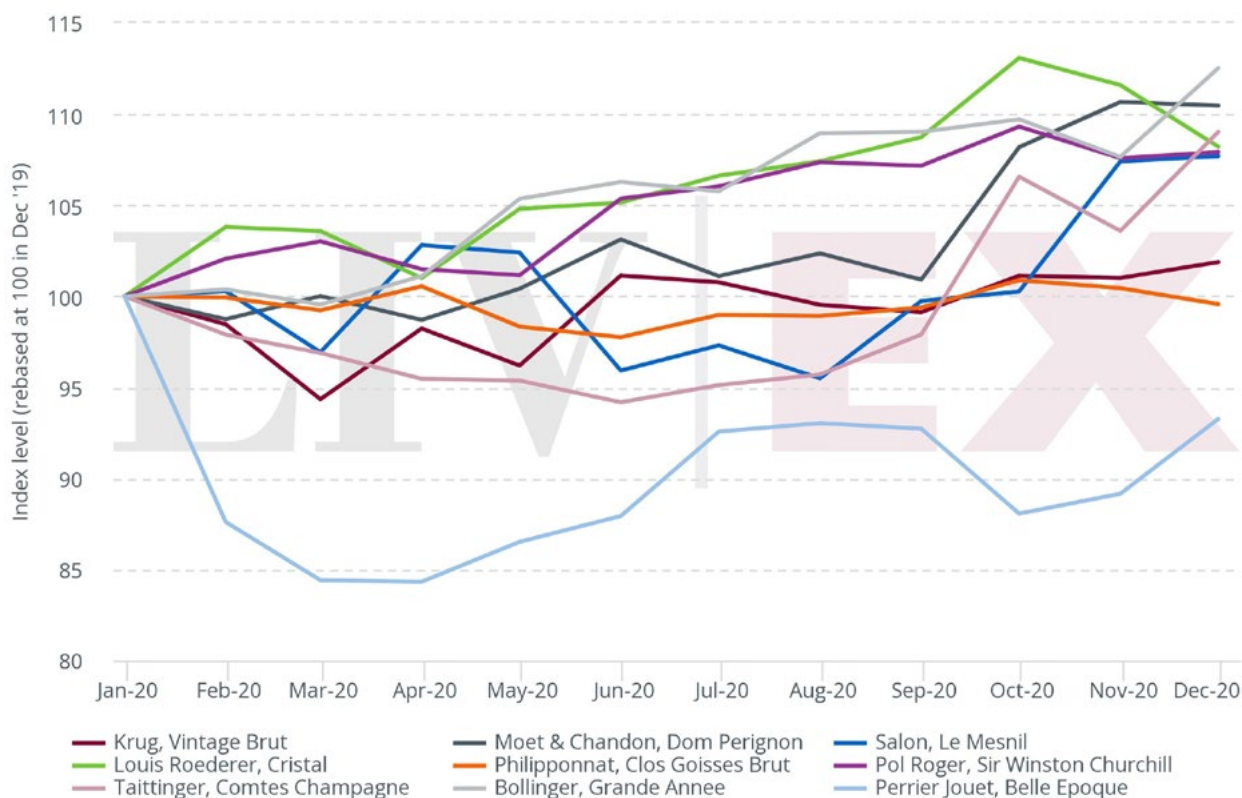
**Table 2: James Suckling's top 10 German wines in 2020**

Rank	Wine	Vintage	Score
1	Schloss Johannisberg Riesling Rheingau Grünlack Spätlese	2019	100
2	Wittman Riesling Rheinhessen Morstein GG	2019	100
3	Dönnhoff Riesling Nahe Dellchen GG	2019	100
4	Wagner-Stempel Riesling Rheinhessen Heerkretzt GG	2019	100
5	Thörle Spätburgunder Rheinhessen Hölle	2018	99
6	Georg Breuer Riesling Rheingau Berg Schlossberg	2019	98
7	Keller Riesling Rheinhessen Brünnenhäuschen Abts E GG	2019	100
8	Fürst Spätburgunder Franken Hunsrück GG	2018	99
9	Künstler Riesling Rheingau Kirchenstück GG	2019	99
10	Christmann Riesling Pfalz GG	2019	99

## Chart of the Month

In a year where there's not been much to celebrate, Champagne's performance has offered a beacon of light. The Champagne 50 is up 8.27% year to date with several individual wine performances far surpassing that. Bollinger Grand Annee and Dom Perignon lead the pack, up 12.5% and 10.4%, respectively. Salon Le Mesnil is up a more modest 7.7% this year, having been the best performer over the past 10 years. In 2018 we wrote in our report '[Champagne: a market without bubbles](#)' that "what history has taught us is that [Champagne] is a market mostly unsusceptible to unsettling events." In 2020, the region has once again proven just that.

**Chart 1: Champagne sub-indices year-to-date**



# Final Thought

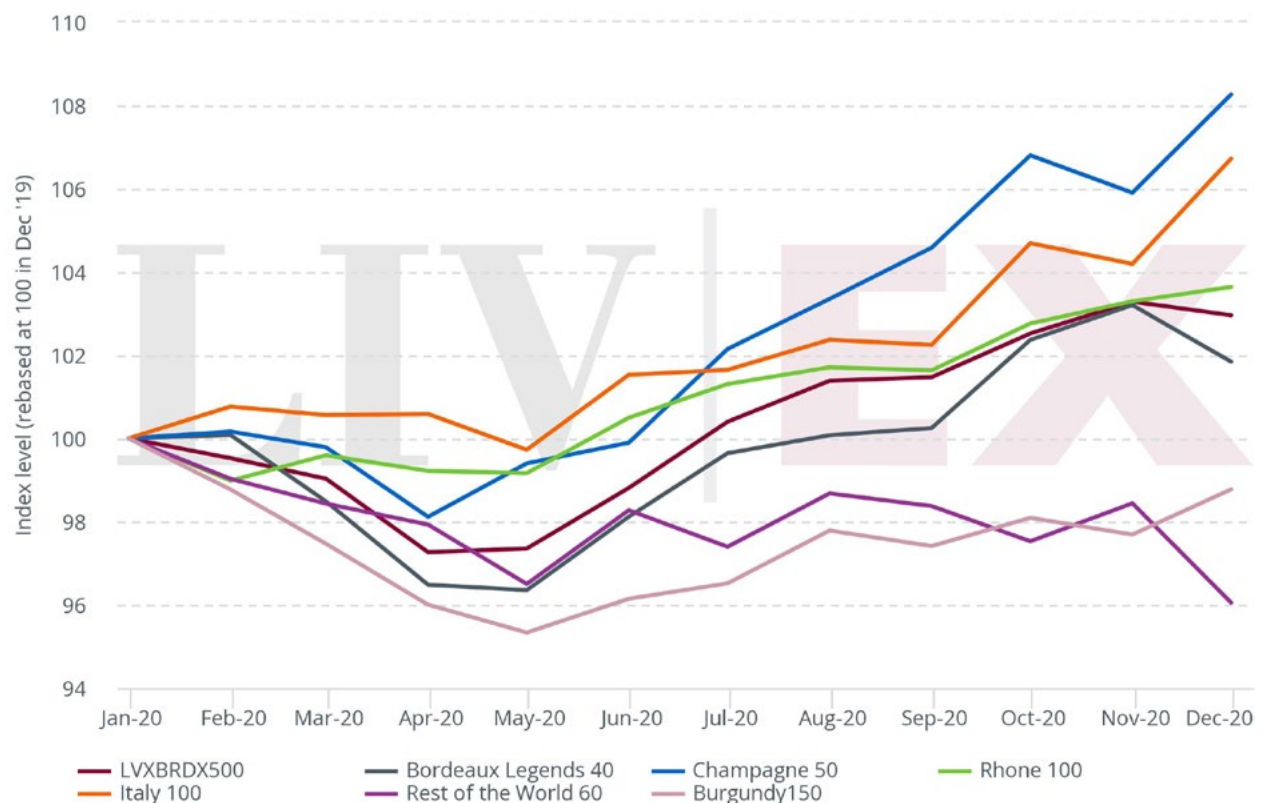
## Is the Rhone due a breakout?

The Rhone valley has always been one of the most widely recognised fine wine producing regions but on the secondary market its performance has been dull. In 2020, however, the region has shown flashes of sparkle: attracting more trades, broadening its offering and delivering steady returns.

Recently, prices for the Rhone have been on the rise. The Rhone 100 index, which tracks the price performance of the most recent physical vintages of ten Rhone wines (north and south in equal measure) has been the third-best performing Liv-ex 1000 sub-index, rising 3.64% year-to-date. Only the Italy 100 and Champagne 50 are ahead of it, which benefit from strong recent vintages and an exemption to US tariffs, and thus where prices have been particularly robust.

But despite the uptick in prices, the Rhone continues to offer the most affordable entry point into the market for fine wine (excluding Sauternes). In 2020, one can still obtain roughly two cases of the Southern Rhone's finest (Rayas excluded) for the same price as one case of the Super Tuscan, or a staggering five cases for a single case of a 'First' from Australia. The Northern Rhone's finest Syrah is 7.5 times cheaper than Burgundy's top Pinot Noirs on average. Even more pertinently, they are half the price of the best Australian Shiraz.

Chart 2: Liv-ex 1000 sub-indices year-to-date

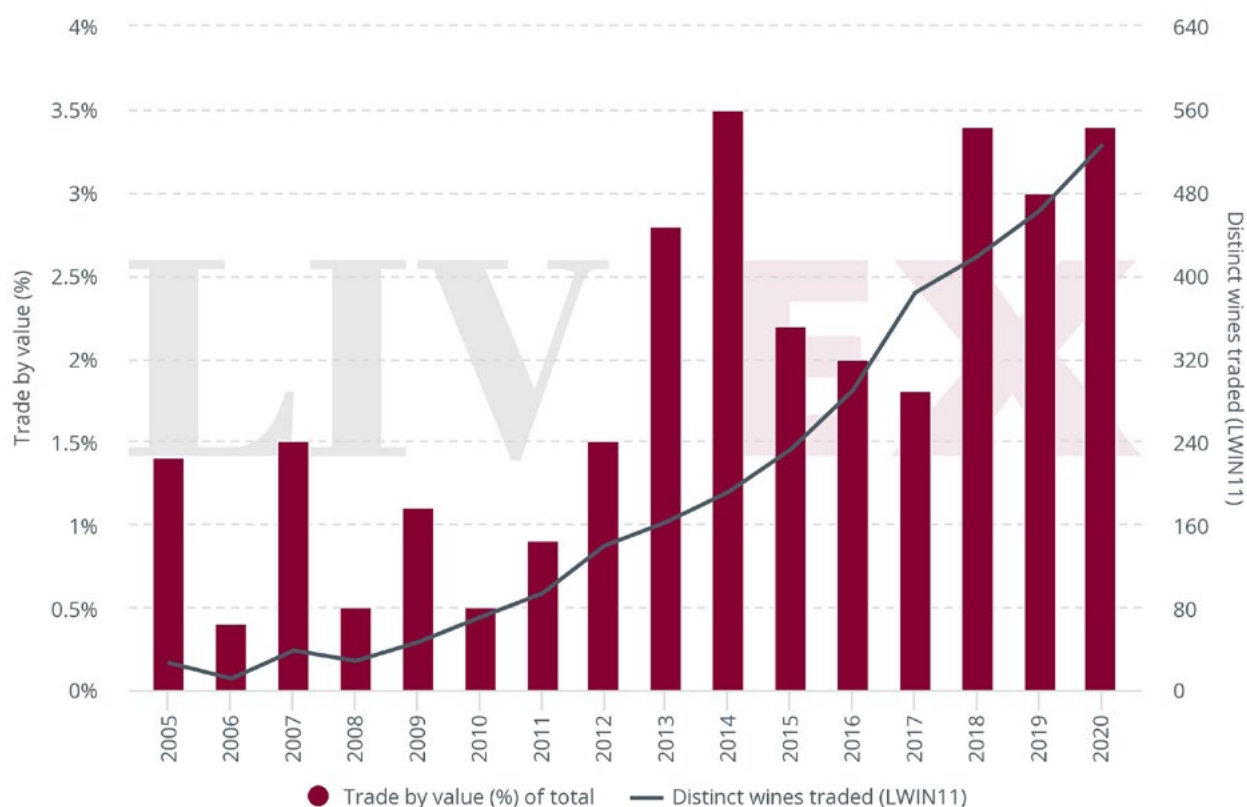


When it comes to trade by value, the Rhone's market share has been stubbornly low, just 3.4% in 2020, but it has masked an increase in the number of trades and a rapid expansion in the number of distinct wines trading. The number of LWIN11s (wine and vintage) traded has risen 40% year-on-year, and 660% over the past decade.

Although in 2020 Chateauneuf-du-Pape continues to lead by trade value (55.4%), activity in Rhone wines comes from an ever-broadening number of appellations including Cote Rotie (17.1%), Hermitage (13.6%), Cornas (6%), Condrieu (5.1%), Saint Joseph (1.3%), Cote du Rhone (0.7%), Gigondas and Crozes Hermitage at 0.3% each, and even Cotes du Vivarais, Costieres de Nimes, Rasteau and Vinsobres.

Rhone activity in the market is proportionate to the region's red and white wine production. Red wines dominate the market (89.6% in 2020), but the whites hold their rightful place (10.4%). The Southern Rhone has accounted for 56.7% of trade by value. On a vintage level, the critically acclaimed 2016 (27.2%), 2017 (22%) and 2015 (12.5%) have been the most active.

**Chart 3: The Rhone's trade by value vs number of distinct wines (LWIN11) traded**



In 2020, trade for the Rhone has been driven by US-based demand, with American buyers making up a record 55% of sales by value. A combination of factors has led to this: Donald Trump's 25% tariffs on European wines (introduced in October 2019) do not affect wines with an alcohol level above 14%, and much Chateauneuf-du-Pape sits above this line. Although the Northern Rhone wines are often below 14% (and thus affected by US tariffs), producers like Chave, Chapoutier, Guigal, Allemand, Clape, Juge and Voge have built a strong following in the states over the years. Dedicated Rhone critics from the USA, first Robert Parker and now Jeb Dunnuck, have doubtless played a part in shaping the American palate. A slew of excellent vintages, both north and south (2015, 2016, 2017) have further attracted quality-conscious US buyers.

Collectors looking for quality and value are beginning to sniff the Rhone's appeal.