

# Market Report

## February 2021

Index 31/01/2021	Level	MOM	YTD	1yr	5yr
Liv-ex Fine Wine 50	347	0.0%	0.0%	3.9%	28.9%
Liv-ex Fine Wine 100	321	0.6%	0.6%	6.3%	33.2%
Liv-ex Bordeaux 500	322	0.5%	0.5%	4.9%	33.4%
Liv-ex Fine Wine 1000	359	0.8%	0.8%	3.8%	45.0%
Liv-ex Fine Wine Investables	352	0.5%	0.5%	6.3%	33.4%
FTSE 100	6,433	-0.4%	-0.4%	-11.7%	5.7%
S&P 500	3,714	-1.1%	-1.1%	15.1%	91.4%
Gold	1,876	-1.4%	-1.4%	19.3%	68.1%

## A positive outlook for fine wine

The fine wine market faced the challenges of the past month with robust determination – positive news for believers of the “January effect” (as goes January, so goes the year). The Liv-ex 100 index rose 0.6%, marking its highest point since September 2011. The broadest measure of the market, the Liv-ex 1000, increased 0.8%, helped by a strong start of the year for the Burgundy 150 (1.9%) – the biggest underperformer in 2020. The second best performing sub-index was the Rhone 100 which reached a historical milestone, surpassing 200 for the first time in the index’s 18-year history. Meanwhile, the star index of last year, the Italy 100, drifted 0.5%.

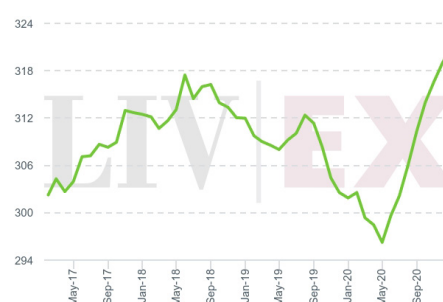
Despite the logistical challenges surrounding the UK’s exit from the Customs Union, the continued lockdown for much of Europe’s restaurant sector and the new US tariffs on EU wines, demand for fine wine held steady. The number of individual labels traded (LWIN7s) rose to 1,209, an increase of 78.8% year on year. (LWIN11s, which include vintage, climbed above 2,000 for the fourth time in the last five months).

January is always a Burgundy month as merchants (and their collectors) consider the latest release – this year, the much-admired 2019 vintage. The combination of high quality and low yields led to robust secondary market activity in physical vintages lifting the region’s share of trade by value to 23.3%. See page 4.

Liv-ex Fine Wine 50 Index



Liv-ex Fine Wine 100 Index



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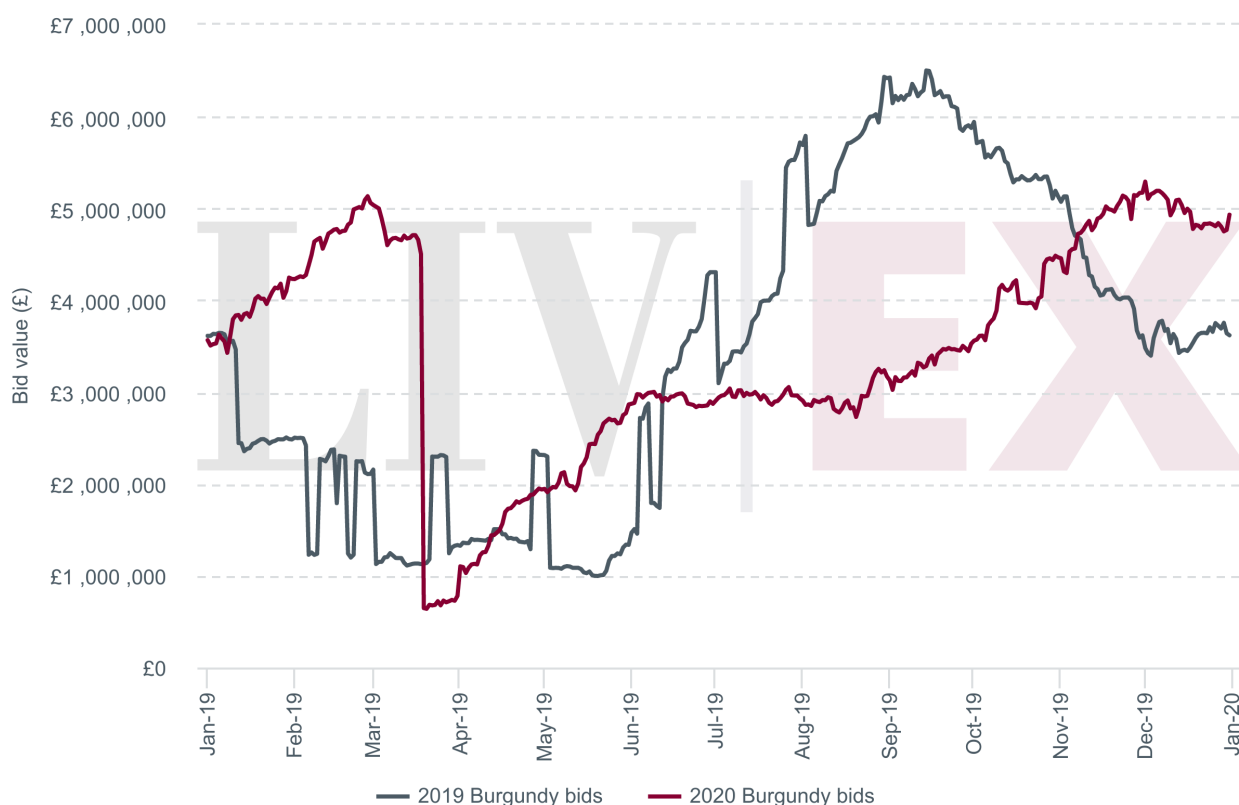
January proved to be a record-breaking month for trade in US wines – values and volumes traded as well as total exposure (the value of LIVE bids and offers on the market) all set new highs for the first month of the year. USA accounted for 10.7% of the total trade by value. As the highly regarded 2018 Napa vintage comes to the market over the weeks ahead, we can expect to see the US remain firmly in focus.

Bordeaux dipped to 31.7% (below its 2020 average of 42%), while Italy, Champagne and the Rhone all held steady.

## Chart of the Month

We have long observed that a key driver of fine wine market's performance is the value of independent bids on the exchange. Chart 1 shows 2019 LIVE Burgundy bids vs. 2020 LIVE Burgundy bids overlaid during equivalent parts of the year. We can clearly see two key moments. First, US tariffs on French wines were introduced on October 19th 2019 leading to an immediate drop in bids for the region – this forewarned of trouble ahead. In 2020 the region lost market share while the Burgundy 150 index of leading producers declined. Second, the near global lockdown of March 2020 hit sentiment hard as uncertainty (and fear) stalked the market. Risk averse merchants pulled their Burgundy bids. But once the fear subsided (as Central Banks flooded the globe with liquidity sending equity and bond markets through the roof), bids gradually returned pushing prices higher. The Burgundy 150 has increased 5.94% since April 2020. Should bids continue to rise to their pre-tariff peaks, Burgundy's recent performance might well have legs.

**Chart 1: Burgundy bids – 2019 vs. 2020**



## Major Market Movers – Burgundy in the spotlight

Back vintages of Burgundy were in focus this month as the 2019 campaign got under way. Grand Crus lead from the front. DRC Echezeaux 2009 increased 14.7%. It was followed by Domaine Leflaive, Batard Montrachet 2009 and DRC Tache 2011, up 10.4% and 9.3% respectively. The best performing vintage overall for white Burgundy was 2009, up 9.8%. 2012 led performance for red Burgundy having risen 6.1% on average.

**Table 1: Top Burgundy market movers in January**

Region	Wine	Vintage	December	January	Change
Burgundy (red)	DRC, Echezeaux	2009	£18,120	£20,779	14.7%
Burgundy (White)	Domaine Leflaive, Batard Montrachet	2009	£4,284	£4,730	10.4%
Burgundy (red)	DRC, Tache	2011	£32,299	£35,294	9.3%
Burgundy (white)	Bonneau Martray, Corton Charlemagne	2009	£1,413	£1,530	8.3%
Burgundy (red)	Domaine Clos Tart, Clos Tart	2014	£2,890	£3,069	6.2%

Source: Liv-ex Mid Prices

## In the news

### Fine wine acquisitions

Burgundy estate Domaine Faiveley bought a stake in Sonoma property William Selyem. The current owners, the Dysons said, “We could not be more pleased with the possibilities of sharing the expertise of Williams Selyem with him [Erwan Faiveley] and his expertise in Burgundy wines with us, with the eventual possibility of having a smooth ownership transfer to Domaine Faiveley in the future”. Margaux estate, Chateau du Tetre was purchased by a French insurance group with the Helfrich family, founders of Les Grands Chais de France, set to takeover winemaking operations.

### UGCB confirms new tasting dates

The Union des Grand Crus de Bordeaux announced that this year’s tastings week will take place between the 26th and 29th April, a few weeks later than usual. Ronan Laborde, CEO of the UGCB, said “the sales should start from early May to end mid or end of June.” If the event cannot be run in Bordeaux, the UGCB said it would arrange tastings in 10 major cities worldwide.

## Critical Corner – William Kelley Burgundy 2019

William Kelley released his thoughts on Burgundy 2019 for the Wine Advocate. He described 2019 red Burgundies as “spectacularly successful” and white Burgundies as “accordingly rich”. Nine out of his top ten wines were reds this year and four of those have the potential for perfection once they are in bottle. While many of the wines scored below have minute production and impossibly tight allocations, Kelley noted that “these are wines that all Burgundy lovers are going to want to secure for their cellars.” Good luck with that.

**Table 2: William Kelley’s top scoring Burgundy 2019 wines**

Wine	Vintage	Score
Domaine Dugat-Py Chambertin Grand Cru	2019	(98 - 100)
Domaine Jacques-Frédéric Mugnier Musigny Grand Cru	2019	(98 - 100)
Domaine de la Romanée-Conti La Tâche Grand Cru	2019	(98 - 100)
Domaine de la Romanée-Conti Romanée-Conti Grand Cru	2019	(98 - 100)
Domaine Arnoux-Lachaux Romanée-Saint-Vivant Grand Cru	2019	(97 - 99)
Domaine Cécile Tremblay Chapelle-Chambertin Grand Cru	2019	(97 - 99)
Domaine Hubert Lamy Criots-Bâtard-Montrachet Grand Cru Haut Densité	2019	(97 - 99)
Domaine Claude Dugat Griotte-Chambertin Grand Cru	2019	(96 - 98)+
Domaine Mugneret-Gibourg Clos Vougeot Grand Cru	2019	(96 - 98)+
Domaine des Comtes Lafon Montrachet Grand Cru	2019	(96 - 98)+

## Final Thought

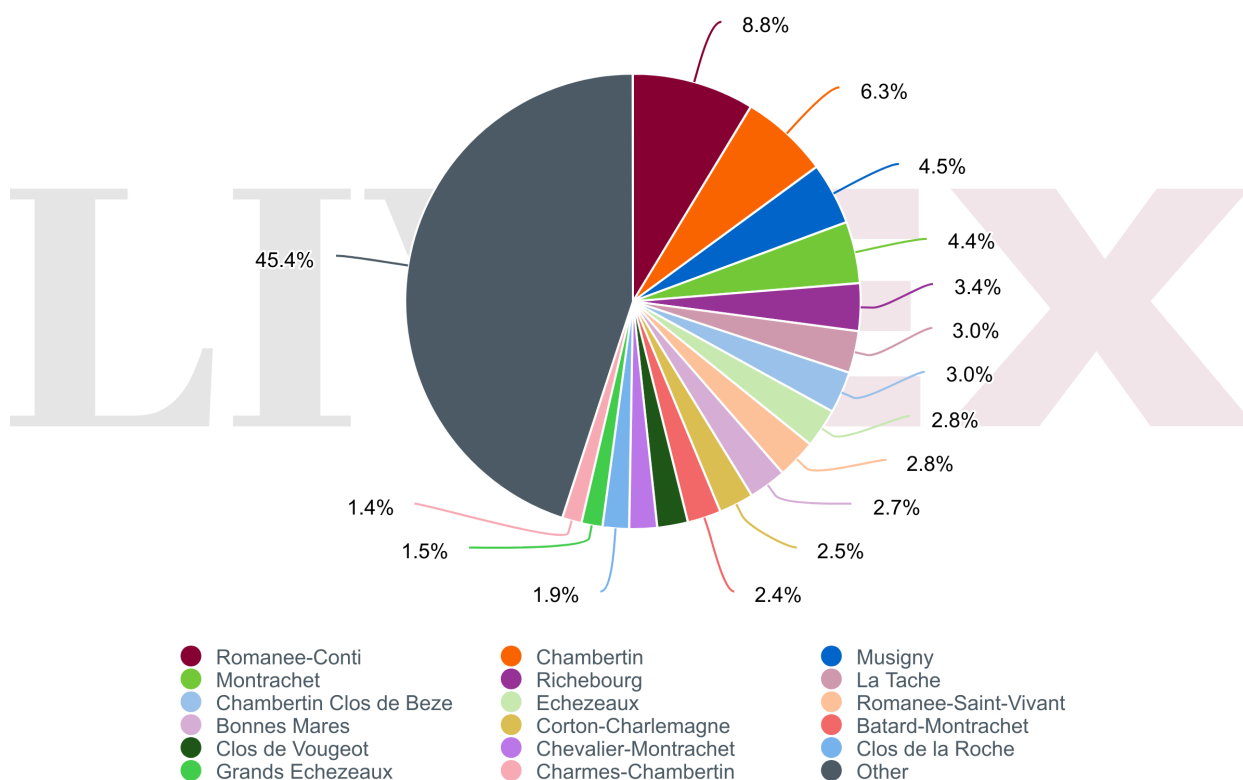
### Buying Burgundy in 2021

The recent Burgundy campaign has been hailed a great success as both quality and scarcity helped drive buying interest even in the face of some punchy price rises. But tight allocations (and those price hikes) meant eager buyers had to look farther afield in search of value and volume and so turned to back vintages for succour.

January saw the number of active wines (Burgundy listings with either a bid or an offer) up 17.6% on the same time last year, while the number of wines traded rose by 74.8%. Last year Burgundy took 18.9% of trade by value in January. This year it managed 23.3% - a marked improvement on 2020's average of 18%.

Demand has been focussed on the most recent physical vintages – 2018 (33.3%) and 2017 (12.3%) – with (the earlier drinking) white Burgundies taking 21.3% of the total share by value. Ponsot, DRC and d'Auvenay dominated the reds by value, while Roulot, Leflaive, Bonneau Martray, Lafon and Drouhin lead the whites.

Chart 2: Trade share by value by Cru vineyard in 2020



As we observed in our extended report on the region, [Burgundy: A journey of discovery](#), the market has considerably broadened over the past year, with greater focus on white Burgundies, well regarded (but less well-known) growers and smaller appellations. The extraordinary 10-year performance of Burgundy's Grand Crus (a fine wine buyer's ultimate destination) has encouraged collectors to delve deeper into the region in search of value, thus allowing smaller regional *domaines* to shine.

The trend of 2020 has continued in 2021, with the recent En Primeur campaign providing further momentum. Merchants have reported solid demand for wines from Fixin, Marsannay, Pommard, Ladoix, St Aubin and Monthelie amongst others where both quality and price allow those with a less fulsome purse to dip their toe into the delights of the hallowed region.

While Burgundy prices were on a downward trend in 2020 – the Burgundy 150 index lost 1.5% – the excitement surrounding the En Primeur campaign has led to a turnaround.

The whites increased the most in value this month, with its index rising 2.6%. This performance helped push the Burgundy 150 index to a rise of 1.9%, outperforming all other regions and the broader market, as measured by the Liv-ex 1000 (up 0.8% in January).

Two of the biggest movers from the Burgundy 150 index were Coche Dury Meursault 2010 (13.3%) and Leflaive, Batard Montrachet 2009 (10.4%). However, as the 2020 Power 100 rankings revealed, demand is no longer focussed purely on the elite names. The region saw strong price performances from growers that have not traditionally seen significant secondary market activity and have thus had greater room to rise. The top price performers from Burgundy in 2020 can be seen in Table 3.

**Table 3: 2020 Power 100 rankings – Burgundy's top price performers**

<b>Wine</b>	<b>2020</b>	<b>2019</b>	<b>Price performance</b>	<b>Price ranking</b>
William Fevre	105	205	15.1%	5
Bonneau du Martray	121	150	14.4%	7
Rene Engel	174	56	13.1%	8
Arnoux-Lachaux	93	77	12.8%	10
Georges Mugneret Gibourg	168	121	12.4%	11
Jacques Prieur	41	88	11.7%	13
Georges Noellat	145	122	11.6%	14
Bernard Moreau	217	#N/A	11.3%	16
Pierre-Yves Colin-Morey	60	80	11.1%	17
Prieure Roch	14	6	10.0%	22

For many wine collectors, the journey toward Burgundy has only just begun. No longer is trade so focussed on a small coterie of the region's most famous (and expensive) names. Burgundy offers excellent quality wines on all levels, across many appellations. Vintages like 2019 serve to broaden the appreciation of the whole. And as technology helps drive transparency and greater connectivity between market players and their customers, Burgundy's star is likely to rise once again.