

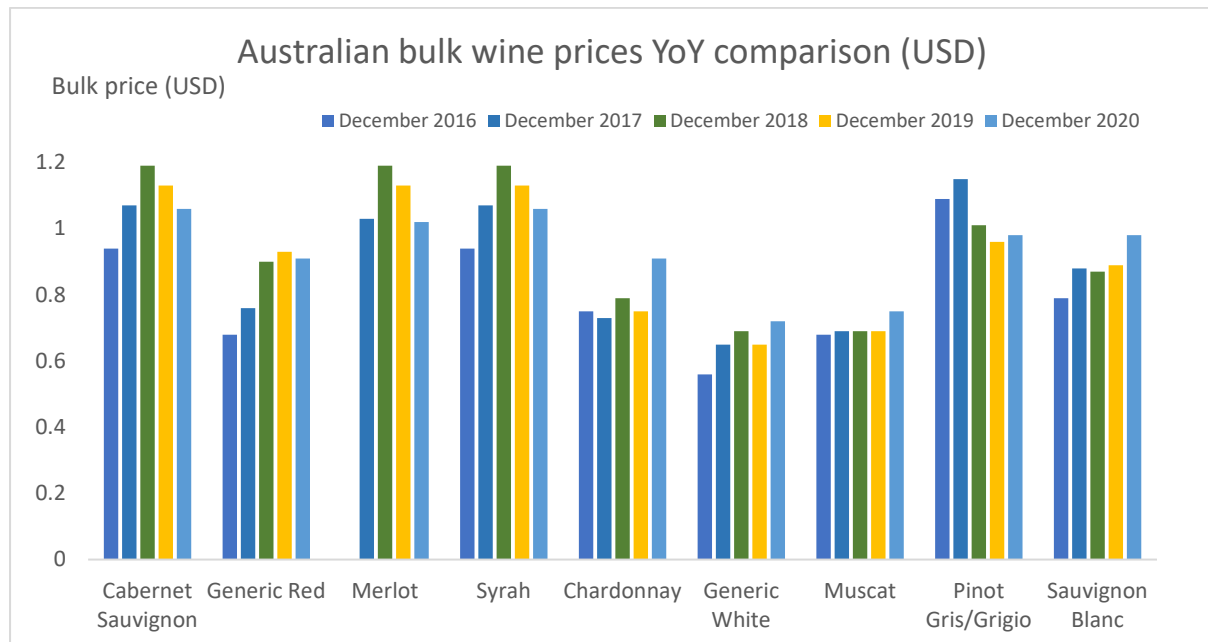
Bulk wine market update December 2020

Source: Ciatti Global Market Reports and historic data

Australian bulk wine prices for the major red varieties have softened in December 2020 compared with the same month in the previous year.

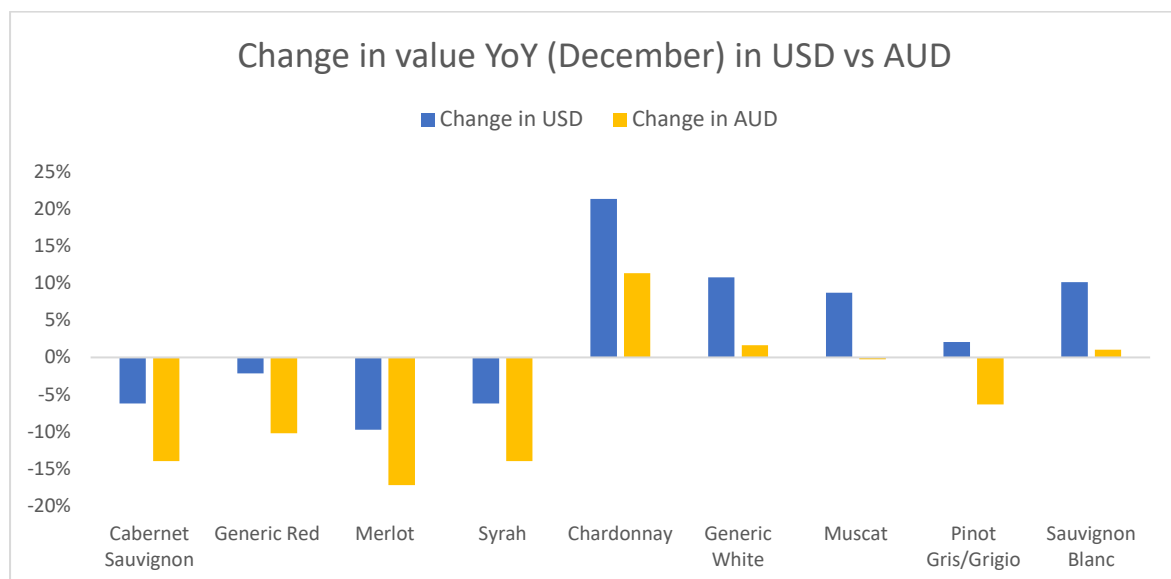
White varieties particularly Chardonnay have seen increases in bulk wine prices, reflecting strong demand and global shortages of white varieties. The whites, except for Pinot Gris/Grigio, are all higher than they have been in December for at least the past five years.

Figure 1 Ciatti bulk wine prices for Australian wine by variety – past five years (December)



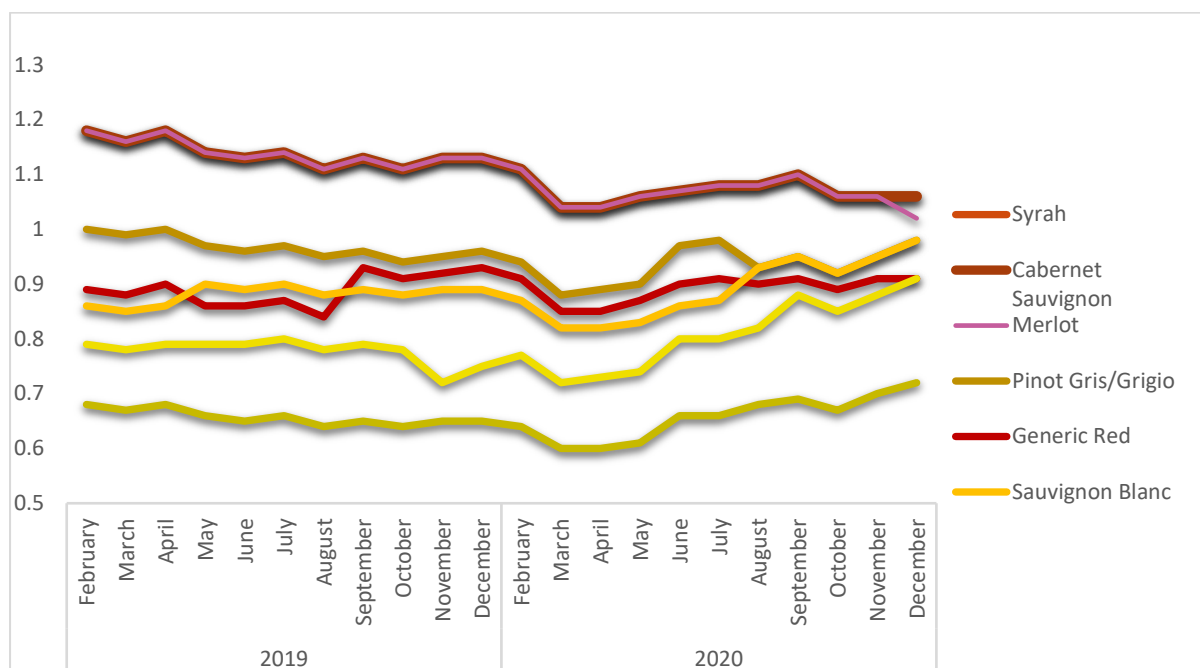
However, the strengthening AUD vs the USD has eroded the price increases and exacerbated the price decreases. Only Chardonnay has seen a significant increase in price YoY for the month of December when expressed in AUD.

Figure 2 Change in bulk wine prices for Australian wine by variety – USD vs AUD



The monthly trend chart shows the upward trend in white variety prices over the past 8 months, while red prices (although higher) have been declining. The uptick in prices was particularly evident in June, when supply switched to the new (2020) vintage.

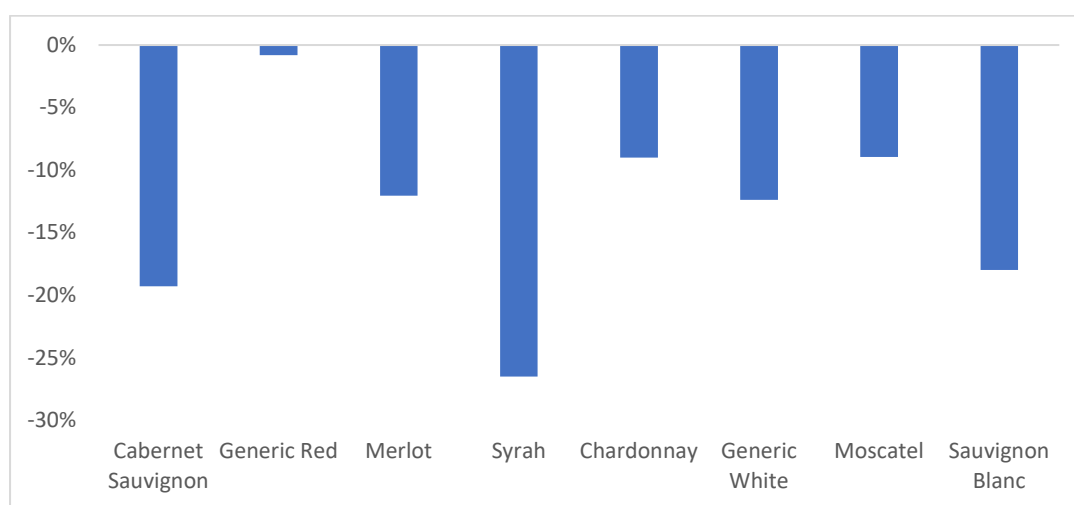
Figure 3 Monthly trend in prices of Australian bulk wine by variety 2019–20



The global harvest in 2020 is estimated by OIV to be between 25.4 and 26.2 billion litres. Anything below 26 billion litres would make it one of the four smallest global vintages since 2000.

Despite this relatively light harvest, prices on the bulk wine market for most producing countries have generally softened in 2020, as a result of uncertainty over COVID-19 and reduced demand from China (particularly for reds). Prices for Spanish bulk wine, the largest global wine supplier, have all declined in December 2020 compared with December 2019, with most being down by at least 10 per cent.

Figure 4 Change in average bulk wine prices by variety - Spain (December)



Report prepared by Wine Australia – December 2020.

Prices are the high price per litre reported by Ciatti.

Further information: market.insights@wineaustralia.com or <https://www.ciatti.com/ciatti-reports/>