

Bulk wine market update September 2021

Source: Ciatti Global Market Reports and historic data

Australian bulk wine prices for the major red varieties are much lower in September 2021 than in the same month in the previous three years, while prices for white varieties, particularly Sauvignon Blanc have generally increased or remained at a similar level, except for Pinot Gris/Grigio, which has been declining since its peak in 2018 and is now lower than Chardonnay and Sauvignon Blanc for the first September in the past four years.

These prices relate to wine from the 2021 vintage.

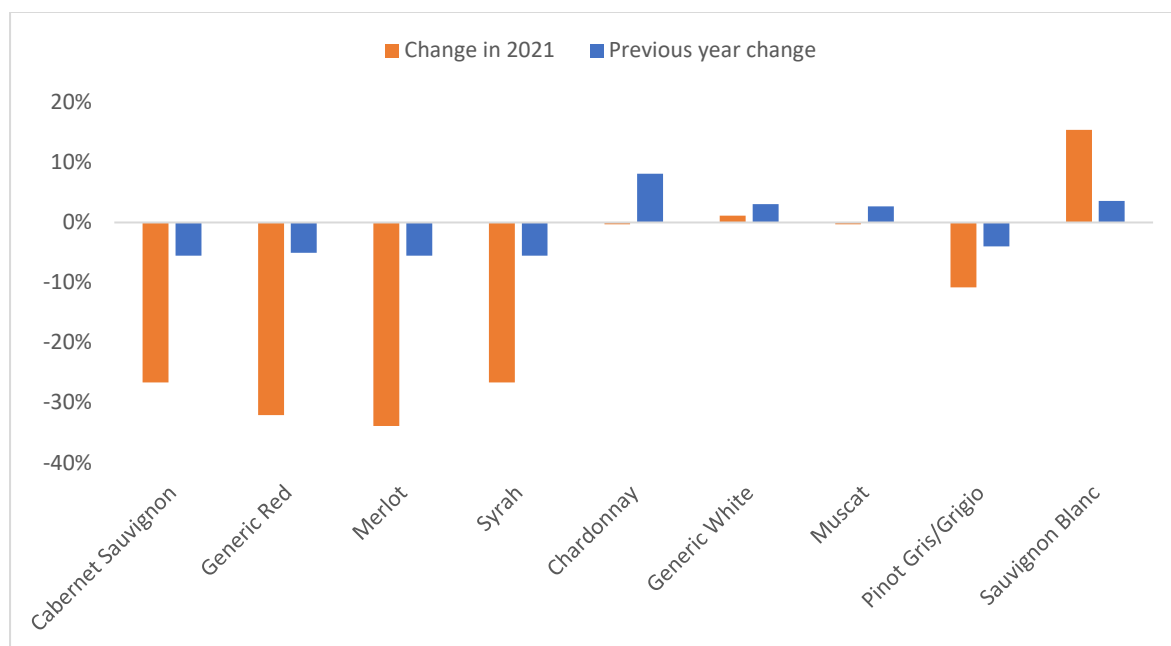
Figure 1 Ciatti bulk wine prices for Australian wine by variety – past five years (September)



The declines year-on-year are around 30 per cent for reds, while whites range from an 11 per cent decline for Pinot Gris/Grigio, to growth of 15 per cent for Sauvignon Blanc.

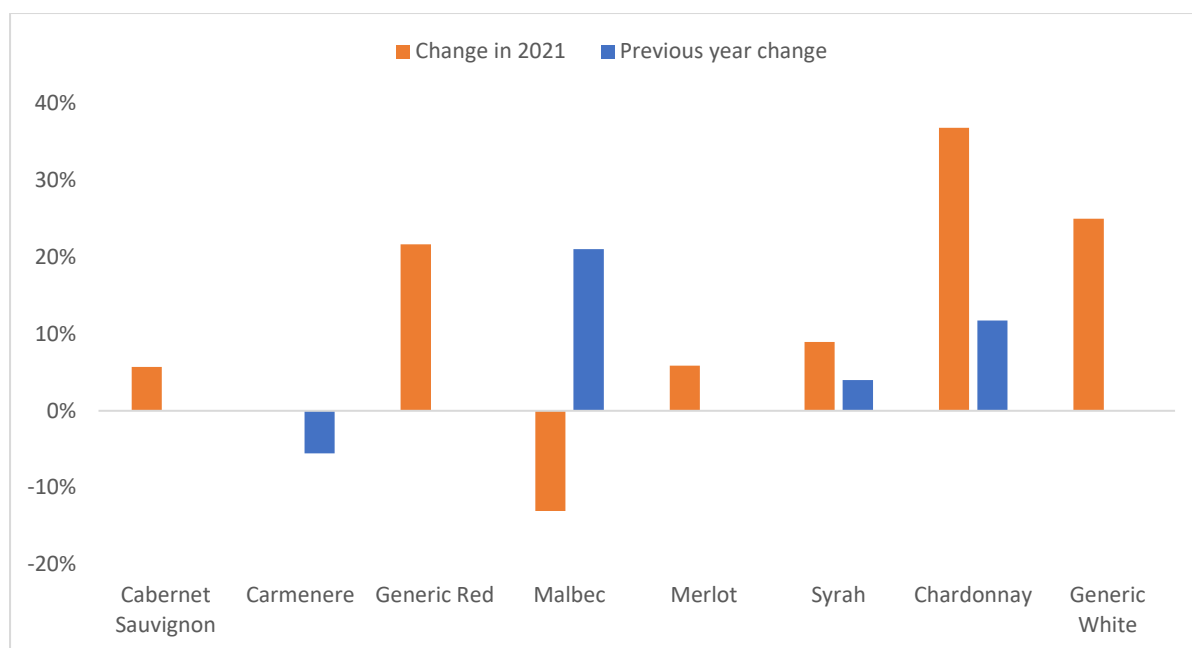
In 2020, the year-on-year declines for reds were much smaller, while all whites showed growth compared with September 2019 except for Pinot Gris/Grigio. Only Sauvignon Blanc showed stronger year-on-year growth in September 2021 than in September 2020 (Figure 2).

Figure 2 *Change in bulk wine prices for Australian wine by variety – comparing year-on-year change in Sept 2021 with change in Sept 2020)*



By contrast, average prices for varieties from Chile have increased more year-on-year in September 2021 than in the previous 12-month period, except for Malbec (Figure 3). This is likely to reflect the increased demand from China for Chilean wine following the imposition of tariffs on bottled Australian wine in late 2020.

Figure 3 *Change in bulk wine prices for Chilean wine by variety – comparing year-on-year change in Sept 2021 with change in Sept 2020)*



Note that a 'missing' bar indicates 0% change. Sauvignon Blanc and Pinot Noir are excluded as they have sold out in September 2021.

The decline in Australian bulk wine prices on the global market reflect current market conditions, with Australia having relatively large red inventories after a large harvest in 2021, and demand from China dramatically reduced over the past 10 months.

Global shipping delays and increasing freight prices are having a significant impact on the movement of bulk wine. This is likely to lead to continue at least until Christmas and could limit wineries' ability to take in grapes, particularly reds, from the 2022 vintage. Hillebrand has reported that global on-time performance was below 35 per cent in July and August, and only 20 per cent were on time in the Europe-Asia trade in August – a record low.

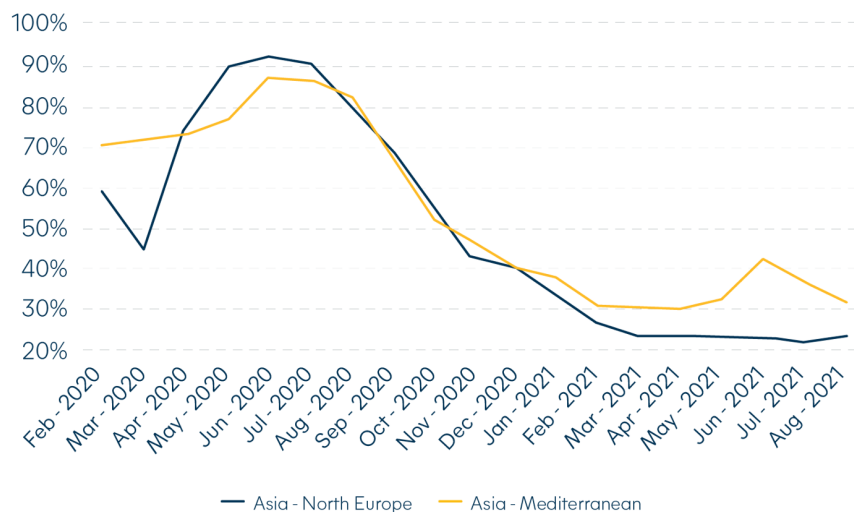
Figure 4 Vessels awaiting berthing at ports as at Oct 11, 2021 (source: Hillebrand)



Figure 5 Asia-North Europe ocean reliability over the past 18 months (source: Hillebrand)

Asia-North Europe ocean reliability stuck on the bottom

Percentage of on-time arrivals of container ships. Ships are considered late if they arrive one calendar day or more after schedule.



Report prepared by Wine Australia – October 2021.

Prices are the high price per litre reported by Ciatti. These are offer prices and do not necessarily accurately reflect sales value.

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