

Bulk wine market update August 2022

Source: Ciatti Global Market Reports and historic data

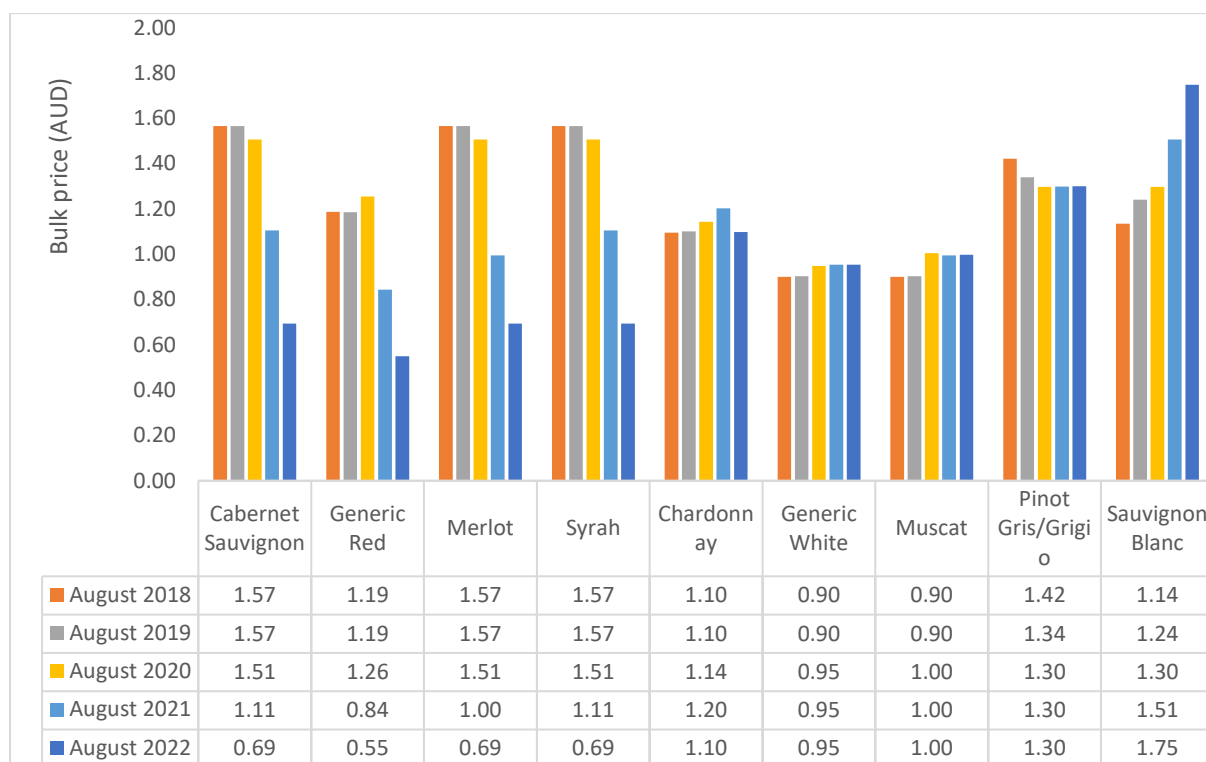
Summary

Global conditions have continued to deteriorate for Australian red wines in the past three months, based on Ciatti bulk wine offer prices. White wine prices have also started to decline (except for Sauvignon Blanc) in line with softening global demand for whites ahead of the northern hemisphere harvest.

Detail

Australian bulk prices for red wine have continued a precipitous decline that started in late 2020 and has now seen the average offer high price for Shiraz, Cabernet Sauvignon and Merlot fall by over 50 per cent from A\$ 1.51 in August 2020 to 0.69 c in August 2022.

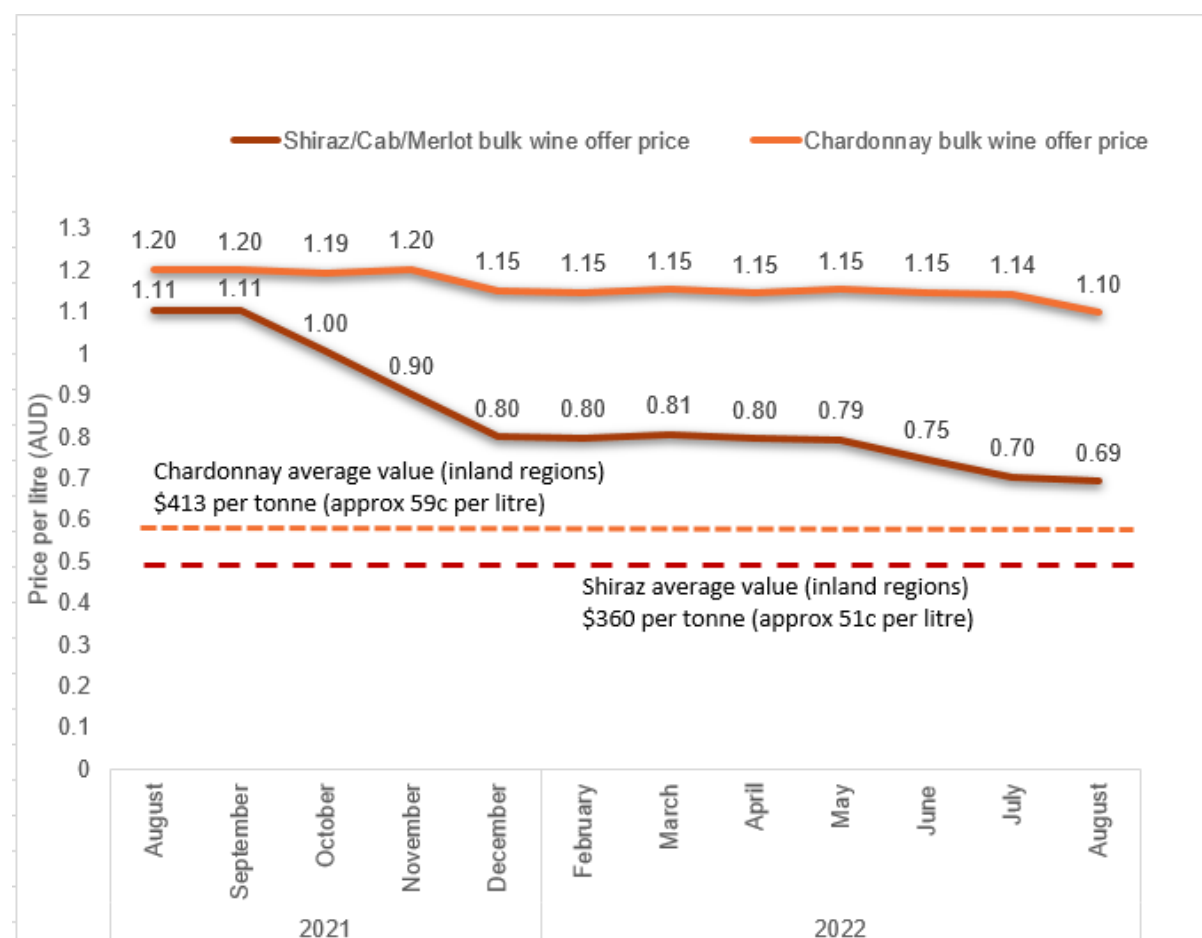
Figure 1 Bulk wine prices for Australian wine by variety – year-on-year comparison (August)



These current red wine prices are only just above the average winegrape price of the same varieties from inland wine regions in 2022, leaving very little margin for winemaking and transport costs (Figure 2).

In some good news, shipping costs are reported to be reducing while timeliness of delivery is increasing.

Figure 2 Bulk wine prices and average winegrape value in 2022

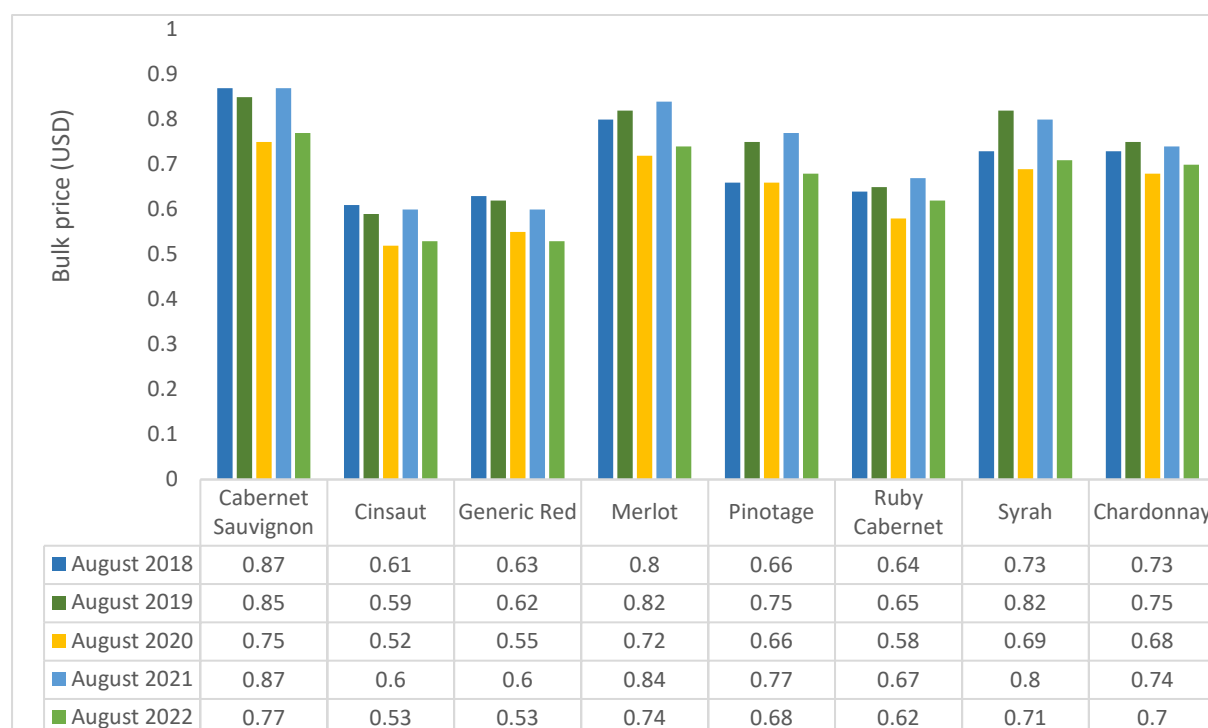


Source: Ciatti and Wine Australia

Prices have also shown some softening for other countries, including Chile, Spain and South Africa. As is the case for Australia, white wine prices are generally holding up better than red prices (Figure 3 and figure 4).

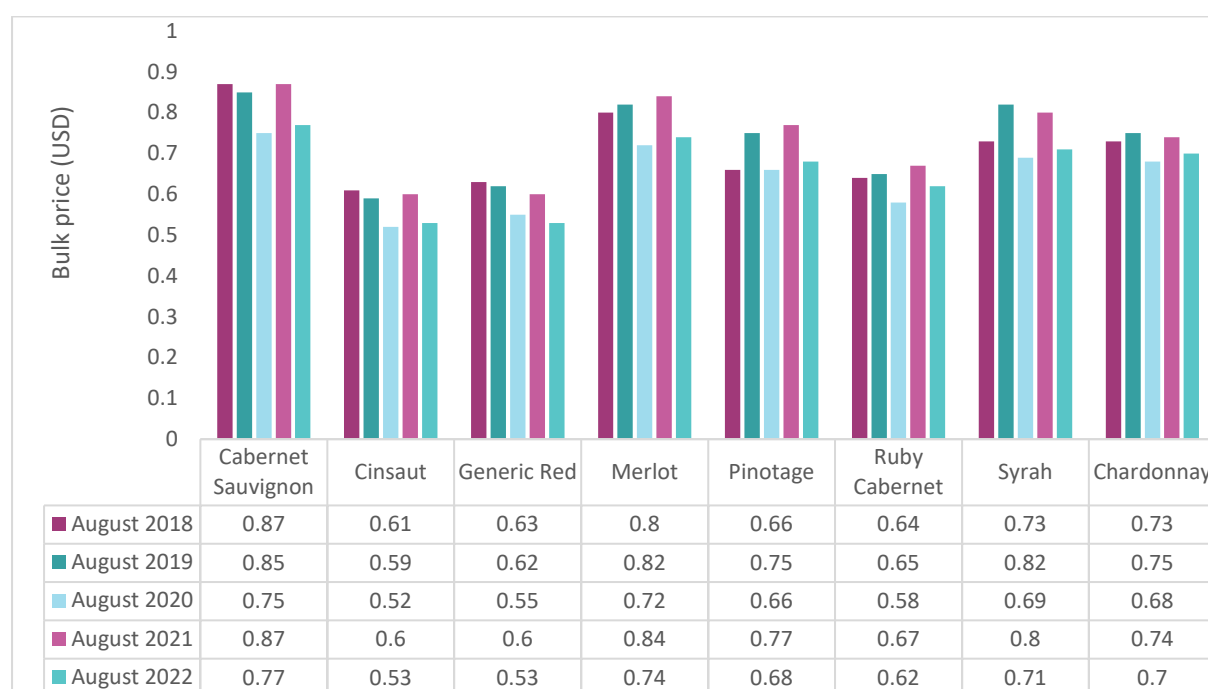
Generally, the USD has been strengthening against other currencies during 2022, which means that prices expressed in local currencies may not have declined to the same extent (or at all). The Euro has declined from 1.13 in February 2022 to 1.01 in August 2022 – a decrease of 11 per cent, while the Rand (South Africa) has decreased by just under 10 per cent. The Australian dollar has remained relatively strong, with a decrease of just 3 per cent over the same period.

Figure 3 Bulk wine prices for Spanish wine by variety – year-on-year comparison (August)



Source: Ciatti

Figure 4 Bulk wine prices for South African wine by variety – year-on-year comparison (August)



Source: Ciatti

Report prepared by Wine Australia – September 2022.

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/>