

CHRISTMAS OFFICE DATES

Capital Vintners will close its office for the festive period on the 19th of December 2019 and re-open on the 6th of January 2020.

If you have any urgent enquiries during this time, please email us on info@capitalvintners.com or leave a voicemail message by calling our office number on 0207 378 3500 / 0800 077 8007

INVESTMENT WINE - THE BIG PICTURE

Regional share of trade by value (25th October - 31st October)			
Region	Share of total	Previous week's share of total	October share
Bordeaux	56.2%	63.9%	49.5%
Burgundy	8.9%	11.8%	15.4%
Champagne	10.0%	5.9%	11.1%
Italy	11.2%	8.9%	11.4%
Rhone	1.9%	3.3%	3.8%
USA	4.5%	3.4%	4.4%
Others	7.3%	2.8%	4.4%

"Who looks at what is going on in the world stock markets every day? Well, do yourselves a favour. Don't!" This was a statement recently made by a speaker at a presentation on global investments. His point is that there is a great deal of short term noise in the global stock markets which, when considering the big picture, is fairly irrelevant. The truth is that after a period of exponential rise in prices, all marketplaces go through a time of rest. During these periods news is thin on the ground - and it's easy to forget how well we've been doing in the fine wine market since the end of 2015. A quick look at the Liv-ex 100 and 1000 charts illustrates our point - things have gone up and down pretty steadily. The fine wine market is also constantly evolving. Wines which were barely mentioned 10 years ago are now occupying centre stage. Napa Valley is a great example - we've seen tremendous interest in names like Opus One and Dominus amongst buyers, and Liv-ex has now created a California sub-index to acknowledge the importance of this emerging region. Then there's Burgundy - having trailed behind Bordeaux for about a decade up until the 2011 correction, the region has been delighting buyers by climbing steadily ever since. Although the focus has been mainly on DRC, it is well worth exploring the wider reaches of this blossoming sector. The fact that we present fine wine as a long term investment should mean that collectors are used to, and come to expect, these occasional periods of quiet. This doesn't mean that you can't catch a bargain - in fact, it's when consolidations set in that the volume of trades goes down, and at these moments vendors looking for a quick sale are known to take what's on offer.

NEAL MARTIN ON BURGUNDY 2016

Burgundy stole the spotlight again last week, when Neal Martin released his scores for the 2016 vintage in bottle. He had previously suggested this was "a puzzle that would be fascinating, frustrating and futile to solve". Having re-tasted the grand vins, he concluded that "the reds live up to their billing [...] they come with a sense of triumph over adversity". He described them as "highly perfumed with ripe tannins, expressive, vivacious, harmonious and surprisingly approachable". And what of the infamous conditions of the vintage? The critic commented that "despite everything that malicious Mother Nature threw at the vineyards, at their peak the finished wines shrug off the stürm und drang that surrounded their birth and are occasionally breathtaking in bottle". Wines that stood out were those of "Nuits Saint-Georges [...] in the north toward Vosne-Romanée, such as in Les St-Georges, Les Vaucrains and Aux Cras". Martin attended Burgfest - a two-week blind tasting of Burgundy wines held every May and September - which presented a "unique opportunity to assess the wines single-blind" that is "more important now than ever, since objectivity is too often compromised by price, rarity or reputation".

SUMMER WINE GAINS

Summer holidays are always a low point in fine wine sales and, true to form, trade by both value and volume fell in August. However, unlike global equities, the Liv-ex indices made gains over the summer. The Liv-ex 50, which tracks the price performance of the First Growth wines, rose 0.3%, while the industry benchmark, the Liv-ex 100, rose 0.7%. The Liv-ex 1000, a reflection of the broader fine wine market, was up 0.6%, and within its sub-indices the Rest of the World gained most (2.3%) with Italy coming up close behind (2.1%). Market activity was also more evenly spread than ever before in August, with trade shares of Burgundy (23.3%), Italy (15.2%) and the Rest of the World (6.2%) reaching record monthly highs. Bordeaux's share was at an all-time low of 45.1%, with Lafite Rothschild 2009 leading the trade. James Suckling awarded the wine a perfect 100-points back in March, saying "this is what the Medoc is all about". The 2009 vintage was the top traded wine through August and into September, followed by 2010, 2005 and 2016.

LATOUR 2011 RELEASED

Back in 2012, Chateau Latour announced that its 2011 vintage would be its last En Primeur offering. Seven years on, 2000 cases of the vintage have finally been released ex-Chateau. Five years ago, Robert Parker reviewed the Latour 2011 in bottle and called it "one of the vintage's most compelling wines". Awarding it a score of 93-95, he added: "this beautifully rich, savory Latour will be surprisingly drinkable in 4-5 years, and should age easily for two decades or more". James Suckling also recommended drinking it "in 2020" when he tasted the wine in 2014, awarding it 95 points. Prices for Latour show 83% correlation to Wine Advocate critic scores, and although this month's release price has positioned it slightly above the 'fair value' line, collectors will no doubt be lured in by its spectacular provenance.



THE RISE OF ITALIAN WINE

The total number of Italian wines traded on the secondary market has risen over 1,500% in a decade, and their total value has increased from £2 million to £5m. In a recent report on the growth and progress of Italian fine wine labels, Liv-ex states: "Market participants have shown increased commitment to the Italian market as demonstrated by growing exposure: the rising value of bids and offers." Super Tuscans are amongst the top performers in Italian wine, with Barolo and Barbaresco taking up considerable room. Liv-ex reported that the number of individual labels/producers has doubled every two years over the past decade – with the total number of wines traded rising 1,506%. Italy is now the third most active fine wine region after Bordeaux and Burgundy with a value trade share of 8.5%, compared to less than 2% in 2010.

LAFITE OPENS CHINESE WINERY

On 19th September, Domaines Barons de Rothschild opened its Chinese winery, Dong Lai, and made the first vintage available for purchase. It was revealed back in July that its first release would be the 2017 vintage, but the company chose the "auspicious" date of 19/09/2019 to formally open its doors. General manager Charles Treutenaere said: "We chose this date, on the occasion of Qiu Fen – the mid-autumn festival – to reflect that the estate's winemaking calendar goes through the 24 seasons in China and the symbolism of the number 9 – a lucky number for vintages in Bordeaux and a symbol of longevity in China." The first release from the estate is a blend of Cabernet Sauvignon, Marselan and Cabernet Franc. Due to be shipped at the end of November, it will be distributed through Pernod Ricard.

MESSAGE FROM THE FOUNDER AND CEO

This year has been an extremely tough year in comparison to 2018. Activity has been high but trade sizes have been smaller and, although no-one wants to hear the dreaded word that ends in "exit", this should not be a reason to make rash decisions about selling your wine holdings. As the old expression "what goes up must come down" is in reverse right now, and whilst the market is very turbulent and has been so for the last 18 months, it is not the time to be offloading.

Some particular wine prices have gone down and then have risen again and some have just stayed where they are. It is a buying market at the moment - not a selling one.

The worst affected is the 2017 vintage and, whilst still not in the bottle, we will see what happens with the prices when they land in the UK in 2020. Again, if you keep to the old recipe of holding your wine for 10 years + then you will do well. But if you're looking for a quick entry and exit, be prepared to bite the shell of the nut.

This is not to say it is all doom and gloom. We have seen some very nice price rises in the likes of Carruade Lafite 2014 to a massive 140% increase. Leoville Barton 2016 has seen a leap by 48% on Liv-ex since Wine Spectator announced it to be the number one wine of the year. Mouton Rothschild 2016 was the most traded wine in the first week of November. With all the 2016 wines landing in the market has seen significant increased trade in this vintage which is a very good sign - higher levels of trade in bottled en primeur means there will be significant appreciation for those who have bought for the long haul. This is a great sign for the future of this vintage.

On the whole business has been good this year. We have seen a 10% increase in trade to China which is great news as, despite the riots and their economy going into recession, they continue to buy fine wines and trade is still fairly good.

Capital Vintners' new website will be launching with a new online ordering system which is linked directly to your cellar account. You can also have wine delivered and pay via our web portal too.

The cellar view system will be back up and running again. Apologies for this being down for several months while the new site was being built - unfortunately it was unavoidable. We will be adding more wine for consumption and keep an eye out for our offers that we will be running.

Please remember the change in our terms of business and storage charges that were mailed to you all in November. If you could kindly be prompt in sending your storage payments to keep your account up to date, that would be much appreciated.

Wishing you and your families a very relaxing Christmas and a prosperous 2020.