



Newsletter Spain – June 2019

According to the latest information about rainfall in Spain, we can send you a relatively reassuring message, because even if in La Mancha region has fallen since January 1, 2019 only 95.4 liter of precipitation, the farmers say that the almost 500 litres, which have fallen up to the end of 2018, are in favor of no longer speaking of a drought situation for this new crop. (Source: www.meteociudadreal.com).

All over Spain, water reserves are still below normal levels (below 40%), but we note that pessimism, thanks to the recent rains, has turned into a slight optimism, although in the short term this has will not have a major impact on prices.

We have to observe now whether summer months will bring extreme heat again, or whether a normal summer will make it possible to develop well the vines, which, according to producer estimates, will produce around 43 million HLS in Spain this year, of which 22 to 23 million HLS of this crop come from the La Mancha region. This means that Spain forecasts a normal harvest with an estimated volume slightly below the 2018 crop.

For your information, the total surface of vineyards in Spain is approximately 960,758 ha, of which 40% of the vines are grown on irrigated trellises. The other part grows mainly as groundcover without irrigation. La Mancha represents 474,000 hectares, or 5% of the world's grape production surface, followed by the 86,500 hectares of vineyards in Extremadura and 68,000 hectares in the Northern Castile region, including Ribera del Duero, Toro and Rueda up to the Rioja.

Currently in Spain 107,600 hectares of vineyards are grown as organic grapes for ecological wines, which corresponds to about 11% of total Spanish production. The La Mancha region cultivates 57,000 hectares of organic vines. Spain is one of the main producers of organic wines and has a large assortment of high-quality organic wines with BIO / ECOCERT certificate as well as varietal wine and also as table wine at very competitive prices.

After visiting the vineyards of the most important regions of La Mancha in recent days, we can confirm that the vineyards are in a very good and healthy state with a very correct fruit development. That's why we think, that the harvest in Spain will be generally good. We will closely monitor until the harvest starts, if there will be any more rain, but be aware that unwanted moisture can cause disease in the vineyards.

Regarding to the remaining quantities of wine from the 2018 harvest, which are still unsold in the producers' tanks, it is very difficult to obtain a correct estimation. But in general, everyone agrees that there is no red wine with 12% vol. Alcohol or higher available, but only red wine with 11% to 11.5% vol. Alcohol and 3 to 4 colour points are still available in considerable quantities.

Regarding the white wine, according to the information provided to us by the producers, there is still be a very large volume in the tanks, but large quantities of this wine are already sold and contracted, but still not delivered. However, we believe that there is still a large volume of white wine available.

Currently, the price of white wine for distillation is 1.75€/h° to 1.85 €/h°, but these wines are not suitable for consumption, because they are wines from yeast press or wines with very high iron or gluconic acid content. This price, however, serves as a reference for us to determine the lowest possible price level at which the producers offer.

Moreover, as mentioned in our last market report, most cooperatives had difficulties in offering table wines with alcohol levels above 10.80% / 11%. In fact, the Airén grape, which is most commonly used to produce cheap white wines, had extremely high yields this year but was unable to develop enough maturity to reach levels above 11%.

Today the market is as follows:

- The prices for Spanish white wine have been slightly down to 1.90 € / h° / 2.60 € / h° EXW winery.
- Prices for Spanish rosé wines are currently so attractive that they have a stable trend between € 2.20 / h° and € 2.60 / h° EXW.
- Today's prices for Spanish red wine are between € 2.60 / h° and € 3.30 / h° EXW winery. The courses are stable as it is very difficult to find wines with high grades and colour of more than 6 IC.
- Wines with indication of the grape variety and the year of the crop in the DAe, both red and white, are only available in small batches, but there are still offers:
 - Red varieties such as Cabernet Sauvignon, Merlot, Syrah etc. between 3,80 and 4,80 € / h° exw winery
 - White grape varieties Macabeo, Chardonnay, Sauvignon Blanc, Verdejo, etc. between € 2.50 / h° and € 5.50 / h° from the winery
- There are currently good market opportunities for Organic wines - BIO / ECOCERT, as some producers can offer their stocks at the same prices as their regular table wines.
- Rectified grape concentrate (de-ionised) is currently offered between € 1.05 / kg and € 1.15 / kg EXW.

As every year around May / June, some growers offer white wines with very high doses of SO₂ that have been treated to be protected from the heat that can occur in Spain in the next weeks. These low prices are therefore directly related to a not too high quality. Knowing that there are still better-quality white wines at slightly higher prices available, it is up to you to send us your requests to offer to your needs correctly, looking for price and /or quality.

Of course, it is still too early to come up with prices for the new crop 2019. In view of the development of the vine, the harvest should start in early August and until then there should be the first prizes of the campaign.

On the other hand, with a normal development of the situation, we expect wines from the harvest 2019 with lower prices than the last harvest so that one can count on the following prices:

- Spanish white wine FT, entry level between 1,70 € / h° and 2,10 € / h°
- Spanish white wine FC, between 1.90 € / h° and 2.40 € / h°
- Spanish rosé FT, entry level between € 2.00 / h° and € 2.40 / h°
- Spanish rosé wine FC, between 2,20 € / h° and 2,60 € / h°
- Spanish red wine 11% vol. - 12% vol. Color 4/5 between 2,40 € / h° and 2,70 € / h°
- Spanish red wine 12.5% vol. - 14.9% vol. Color 8/9 between 2,70 € / h° and 3,10 € / h°
- Grape varietal wines should also follow this downward trend, but they are limited in production and it will be necessary to wait for the harvest to be fair.

Do not hesitate to contact us and let us know your demand, specifying the qualities / quantities / withdrawals and indicative prices, so that we can find offers for you in the best possible market conditions.

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