



CALM AFTER THE STORM

The fine wine market has settled despite the recession and a drop in Chinese demand, with buyers keeping an eye on price. By **Patrick Schmitt**

Liv-ex Power 100: the top 10

Source: Liv-ex

Rank	Brand name	2012 rank	Change	Total score	LX total traded	Value share	Volume share	Average price (£)	Price performance	Av. critic score	Unique wines
1	Pavie	3	2	120	9	4.70%	4.41%	1,775	19.77%	95.86	14
2	Angélus	23	21	152	20	2.84%	2.41%	1,965	22.94%	93.25	20
3	Pétrus	6	3	178	77	3.40%	0.28%	20,130	7.89%	94.16	25
4	Pape-Clément	97	93	196	60	0.58%	1.00%	967	27.44%	95.65	13
5	Haut-Brion	13	8	208	15	3.93%	2.59%	2,616	4.13%	93.38	44
6	Eglise-Clinet	67	61	210	114	0.32%	0.25%	2,124	17.74%	95.86	11
7	Mouton Rothschild	16	9	224	4	8.93%	4.68%	3,178	4.60%	92.59	33
8	Montrose	5	-3	225	15	2.72%	3.77%	1,203	6.75%	93.55	22
9	Margaux	17	8	232	12	5.76%	3.27%	2,930	2.61%	92.86	45
10	Penfolds Grange	22	12	233	82	0.75%	0.35%	3,604	17.56%	96.60	5

SINCE LIV-EX and *the drinks business* started an annual survey of the world's most powerful fine wine brands seven years ago, the market has experienced a series of major changes. From Hong Kong's repeal of wine duty to Europe's banking crisis and the rise and fall of the Chinese wine collector, fine wine trading has exhibited the sort of peaks and troughs more commonly associated with commodity trading than a perishable alternative investment. However, in the last two years the fine wine market has shown a more settled state – "bumping along" as one wine merchant described it, in contrast to the "rollercoaster" experienced pre-2012. And evidence of that change is apparent in the more predictable evolution of the labels featured in this report – there are few major surprises for those who study the market closely. Indeed, the five major trends identified in 2012's analysis are still true today: a growing interest in Right Bank Bordeaux, an increasing call for red Burgundy, an ongoing demand for Italy, an expanding trade in Champagne,

and a declining requirement for first growth Bordeaux, above all Lafite. There has been no major shake-up due to unforeseen exogenous influences – aside from last year's St Emilion re-classification – and consequently no dramatic deviation from last year's developments.

In particular, the influence of China, positive or negative, is no longer being strongly felt, so trading in the last 12 months has reflected tastes mainly in Europe and the UK: mature markets with sophisticated buyers. This has also meant that price appreciation is primarily

The five major trends identified in 2012's report are still true today

Feature findings

- ▶ Châteaux Pavie and Angélus have taken first and second places respectively in this year's survey following their upgrade to class A status in 2012.
- ▶ Left Bank Bordeaux is still failing to attract high levels of demand, particularly youthful first growths which are deemed too pricey.
- ▶ On the other hand, high scoring Right Bank Bordeaux has enjoyed increased trading and price appreciation.
- ▶ A general search for value has driven trade in fine wine brands from outside Bordeaux.
- ▶ Italy appears increasingly in vogue, led by Super Tuscan brands and top Piedmont producers.
- ▶ Champagne continues to shine, aided by widespread merchant support and the promise of further price rises.

Liv-ex Power 100 (11-40)

Source: Liv-ex

Rank	Brand name	2012 rank	Change	Total score	LX total traded	Value share	Volume share	Average price (£)	Price Performance	Critic score	Unique wines
11	Chapoutier	54	43	237	126	0.14%	0.29%	805	9.72%	97.50	25
11	Mission Haut-Brion	19	8	237	42	1.23%	1.11%	1,872	3.68%	94.72	18
13	Guigal	11	-2	238	42	1.67%	1.02%	2,727	-1.07%	95.61	20
14	Lafleur	51	37	242	137	0.49%	0.15%	5,484	8.77%	94.21	14
15	DRC	1	-14	243	81	3.48%	0.26%	22,576	0.58%	94.41	65
15	Latour	8	-7	243	10	6.20%	3.40%	3,036	2.00%	92.65	47
17	Le Pin	10	-7	244	157	0.74%	0.08%	16,287	12.03%	95.08	12
18	Lafite Rothschild	9	-9	251	2	18.10%	6.57%	4,591	-2.76%	93.01	42
19	Beaucastel	88	69	254	112	0.19%	0.35%	875	9.47%	95.50	20
20	Léoville-Las Cases	47	27	255	42	1.08%	1.26%	1,423	1.74%	94.75	20
21	Vieux Château Certan	55	34	256	80	0.42%	0.45%	1,543	8.01%	94.45	11
22	Yquem	18	-4	262	61	0.82%	0.61%	2,260	-1.86%	96.31	19
23	Pichon Baron	30	7	272	33	1.18%	1.72%	1,143	5.11%	93.56	16
23	Léoville Poyferré	26	3	272	33	1.10%	1.83%	1,001	7.53%	93.29	14
25	Taittinger, Comtes de Ch.	32	7	273	44	0.62%	1.41%	734	35.34%	95.60	5
26	Smith Haut Lafitte	57	31	274	76	0.31%	0.68%	754	13.33%	94.00	13
27	Pontet-Canet	2	-25	277	19	2.34%	3.53%	1,103	3.94%	93.67	15
28	Louis Roederer Cristal	49	21	280	72	0.43%	0.57%	1,279	7.85%	95.50	7
29	Krug	4	-25	283	148	0.24%	0.16%	2,485	18.94%	95.50	6
30	Ducru-Beaucaillou	31	1	284	51	0.80%	1.06%	1,256	3.44%	94.29	14
31	Clos Fourtet	55	24	287	99	0.26%	0.36%	1,191	22.31%	94.83	6
32	Trotanoy	69	37	288	133	0.23%	0.21%	1,835	7.77%	94.45	11
33	Masseto	12	-21	288	210	0.13%	0.06%	3,781	46.03%	95.57	7
34	Dom Pérignon	35	1	290	58	0.59%	1.00%	977	5.62%	95.29	12
35	Cos d'Estournel	21	-14	294	31	1.36%	1.65%	1,368	2.29%	92.68	22
36	Bouchard Père et Fils	74	38	305	97	0.21%	0.47%	737	18.64%	92.16	30
37	Ornellaia	20	-17	306	95	0.26%	0.39%	1,097	8.21%	94.75	8
38	Cheval Blanc	24	-14	307	37	2.46%	1.06%	3,855	-0.21%	92.02	26
39	Sassicaia	14	-25	309	29	1.35%	2.20%	1,023	7.59%	92.80	10
40	Bruno Giacosa	new	N/A	310	221	0.07%	0.07%	1,523	13.90%	95.23	15

occurring among fine wines which appear relatively inexpensive in relation to their scores and level of scarcity, and that could be within Bordeaux or outside it.

Indeed, the search for value has driven a broadening of demand, both within

Bordeaux, as well as into new regions. As a result, tomorrow's power brands could come from almost any established fine wine area, that is, as long as the leading critics rate the label and there's enough production to satisfy global demand.

RIGHT BANK BOOST

Initially, anyone who thought the demand for Bordeaux had dried up, should look at this year's leading labels. Nine of 2013's top ten brands are from the region, although, unlike past surveys, it's not wines from the Médoc that dominate the very top. Rather, it's Right Bank Bordeaux that's performing well, in particular

Pavie and Angélus, which have taken first and second place respectively. This reflects the increased demand for these two châteaux since last September, when they were upgraded to St Emilion's top tier: Premier Grand Cru Classé A.

The impact of this was witnessed last year: Pavie was one of 2012's highest risers. However, the performance of Pavie and Angélus this year confirms that the collector is looking for wines that are deemed inexpensive relative to their peers: Pavie and Angélus have been officially declared as good as Cheval Blanc and Ausone, but the

It's Right Bank Bordeaux that's performing well, in particular Pavie and Angelus

Relative prices and trade

Highlighting the relative value of Champagne and Tuscan power brands, the figures below show the average case prices (12x75cl) of the key Liv-ex indices. This clearly shows that a case of first growth Bordeaux is still significantly more expensive than the same quantity of a Super Tuscan or prestige cuvée Champagne.

AVERAGE PRICE PER 12X75 (SEPTEMBER):

- ▶ Champagne: £1,555 (comprises the top vintages in the market from Krug, Cristal, Dom Pérignon, Salon and Comtes de Champagne).
- ▶ Super Tuscan: £1,922 (composed of the last ten vintages of Masseto, Tignanello, Sassicaia, Ornellaia and Solaia)
- ▶ First Growth: £4,543
- ▶ DRC: £22,544 (with Romanée-Conti) or £9,744 (without Romanée-Conti)

As for the growing proportion of trade on wines other than Bordeaux, the table below shows share of trade on Liv-ex by region, and change since 2008:

PERCENTAGE OF TRADE ON LIV-EX (BY VALUE)

Region	2008	2009	2010	2011	2012	2013 (YTD)
Bordeaux	91.8	88.6	95.2	93.2	87.2	82.1
Burgundy	3.6	5.2	1.2	2.6	5.5	6.7
Champagne	3.0	1.9	1.4	1.1	2.3	2.3
Rhône	0.5	1.2	0.7	1.2	1.5	3.0
Italy	0.7	1.7	0.9	1.5	2.3	3.3
Others	0.5	1.4	0.5	0.5	1.3	2.6

Finally, the number of brands by country in this year's Liv-ex Power 100:

- ▶ Argentina: 1
- ▶ Australia: 1
- ▶ Bordeaux: 59
- ▶ Burgundy: 17
- ▶ Champagne: 6
- ▶ Italy: 7
- ▶ Rhone: 7
- ▶ USA: 2

newcomers to Saint-Emilion's top rung have average case prices half that of the longstanding A-class châteaux.

Meanwhile, in third place, Pétrus remains one of the fine wine trade's most resilient brands, benefitting from its small 2,500 case production, truly global demand and consistently high scores – which together appear to justify its extremely high price (second in this survey only to Domaine de la Romanée-Conti). As Christies' Anthony Hanson MW told *db* last year, Pétrus is "the king" of fine wine investment, yielding an average annual return of 14% all the way through bull and bear markets.

Pétrus remains one of the fine wine trade's most resilient brands, benefitting from its small 2,500 case production

Another Right Bank power brand is Pomerol's Eglise Clinet, up 61 places to number six in the survey, having benefitted from huge critical acclaim. Indeed, it ranks as the sixteenth highest scoring label in the table, with an average Parker score higher than Right Bank rivals Pavie, Angélus and Pétrus.

Outside the top 10, the Right Bank theme continues, and chart risers from the area include Lafleur (up 37) and Vieux Château Certan (up 34), as well as new entry La Violette at number 55. This latter label was one of two surprise 100 point scoring wines following Parker's in-bottle tasting of the 2010 vintage (the other one being Saint-Emilion's Le Dôme, which has not made it onto the table).

These wines are enjoying increased demand in anticipation of price increases due to their high scores and reasonably low levels of production. Liv-ex director Justin Gibbs explains: "Such wines are being bought 80% for investment and 20% for intrigue... People don't know much about them but the merchants are saying these producers are making some of the best wines in Bordeaux and they will go up in value." Later he adds, "And 80% of people who buy fine wine have a profit motive."

Certainly Right Bank Bordeaux has enjoyed phenomenal scores in recent vintages. For example, nine out of the 19 100-point Bordeaux wines in 2009 were from the Right Bank, while in 2010, six out of the 10 perfect scores went to this side of the Gironde (see below).

Bordeaux 2010: Robert Parker 100 points

Château Le Dôme
Château La Violette
Château Latour
Château Beauséjour
Château Cheval Blanc
Le Pin
Château Haut Brion
Pétrus
Château Pontet-Canet
Château Pape-Clement

Liv-ex Power 100 (41-70)

Source: Liv-ex

Rank	Brand name	2012 rank	Change	Total score	LX total traded	Value share	Volume share	Average price (£)	Price performance	Critic score	Unique wines
41	Ausone	25	-16	311	60	1.52%	0.46%	5,528	-1.93%	92.64	25
42	Jaboulet	new	N/A	315	124	0.17%	0.29%	947	15.12%	93.78	10
43	Evangile	58	15	316	90	0.31%	0.41%	1,266	5.69%	93.31	13
44	Lynch-Bages	65	21	319	15	2.37%	4.53%	872	2.78%	92.50	27
45	Comte Vogüé	33	-12	322	183	0.17%	0.09%	3,188	5.95%	93.43	24
45	Domaine Leflaive	43	-2	322	148	0.20%	0.18%	1,812	5.27%	92.88	30
47	Palmer	47	0	330	49	0.74%	1.17%	1,047	6.02%	91.02	31
48	Salon Mesnil	27	-21	342	226	0.08%	0.05%	2,527	34.84%	95.80	5
49	Pichon Lalande	80	31	344	50	0.57%	1.33%	719	6.18%	91.83	27
50	Ponsot	15	-35	361	150	0.24%	0.15%	2,644	2.75%	92.80	16
51	Troplong Mondot	61	10	362	154	0.12%	0.19%	1,028	7.14%	95.75	8
52	Sylvian Cathiard	36	-16	367	215	0.08%	0.06%	2,190	54.14%	90.86	13
53	Tignanello	53	0	370	79	0.25%	0.73%	564	14.35%	92.75	8
54	Lucien Le Moine	new	N/A	373	226	0.07%	0.06%	2,067	7.92%	93.85	11
55	Violette	new	N/A	373	256	0.06%	0.04%	2,633	102.80%	97.67	3
56	Rieussec	new	N/A	375	71	0.21%	1.34%	262	7.84%	94.00	11
57	Beauséjour Duffau	75	18	376	247	0.06%	0.05%	2,243	38.02%	97.67	3
58	Jacques Frederic Mugnier	new	N/A	387	173	0.10%	0.15%	1,067	8.37%	92.42	14
59	Joseph Roty	93	34	392	201	0.07%	0.10%	1,101	14.23%	93.13	9
60	Fleur Pétrus	71	11	394	123	0.22%	0.27%	1,362	3.79%	92.08	13
61	Léoville Barton	new	N/A	400	76	0.27%	0.72%	622	5.19%	91.68	19
62	Saint Pierre	new	N/A	401	105	0.11%	0.50%	378	21.41%	93.80	5
63	Armand Rousseau	28	-35	404	172	0.25%	0.09%	4,540	-1.86%	92.56	24
64	Philipponnat Clos Goisses	new	N/A	405	170	0.09%	0.16%	985	27.85%	93.00	5
65	Talbot	new	N/A	407	83	0.22%	0.94%	382	13.10%	90.19	18
66	Dujac	new	N/A	413	262	0.04%	0.05%	1,557	27.17%	91.77	15
67	Dominus	41	-26	414	218	0.06%	0.09%	1,032	14.34%	96.50	4
68	Clinet	40	-28	415	80	0.32%	0.47%	1,127	-3.35%	92.92	12
69	Duhart Milon	83	14	437	32	0.91%	2.55%	595	-4.90%	92.13	16
70	Conseillante	91	21	438	161	0.10%	0.17%	996	4.77%	93.22	9

Summing up, Gibbs says, “The Right Bank is still starring in terms of Bordeaux because it does well across all categories, from the scores to the price performance.” And interestingly he adds that the positioning of Penfolds Grange as the only non-Bordeaux brand in the top 10

stems from its Right Bank-like attributes. “Grange has the high scores, production and global demand of a Right Bank Bordeaux,” he says, before stressing that the 100 point score for its 2008 release “triggered a huge amount of interest”.

GRAVES GREATNESS

Outside Saint-Emilion and Pomerol, but still within Bordeaux, it is the wines from Graves that stand out in 2013. For example, the appellation’s Pape-Clément was this year’s highest riser. Benefitting from meticulous vineyard management and cellar practices funded by one of France’s richest men, Bernard Magrez, Pape-Clément has been garnering gradually higher

Parker scores, and 2010’s release was awarded the all-important 100 points. Couple this perfect score with an average case price around £1,000 and Pape-Clément seems like a bargain, that is in comparison to Pauillac’s best.

Further down the survey, it was another Graves château that proved an especially high riser this year: Smith Haut Lafitte. This property has benefited from a perfect Parker score for its 2009 (and a near-perfect 98+ for the 2010) along with low prices compared to other critically-acclaimed Bordeaux brands. Such a compelling combination has meant that,

The positioning of Penfolds Grange as the only non-Bordeaux brand in the top 10 stems from its Right Bank-like attributes

Liv-ex Power 100 (71-100)

Source: Liv-ex

Rank	Brand name	2012 rank	Change	Total score	LX total traded	Value share	Volume share	Average price (£)	Price performance	Critic score	Unique wines
71	Comtes Lafon	new	N/A	441	276	0.04%	0.05%	1,315	8.92%	93.08	13
71	Branais-Ducru	new	N/A	441	142	0.08%	0.29%	451	10.53%	92.30	10
73	Calon-Ségur	78	5	443	59	0.37%	1.17%	524	4.19%	90.85	13
74	Gazin (Pomerol)	new	N/A	448	198	0.05%	0.16%	485	15.47%	93.71	7
75	Joseph Faiveley	64	-11	450	136	0.11%	0.28%	645	-0.56%	92.93	15
76	Giacomo Conterno	46	-30	451	323	0.02%	0.02%	1,869	20.67%	97.00	4
77	Gay	new	N/A	452	246	0.04%	0.08%	796	31.03%	96.00	3
78	Grand-Puy-Lacoste	94	16	461	77	0.25%	0.83%	505	2.54%	91.00	15
79	Clos des Papes	77	-2	462	230	0.04%	0.12%	529	9.24%	94.75	8
80	Lascombes	80	0	470	103	0.15%	0.46%	532	7.71%	91.00	8
81	Canon-La-Gaffelière	new	N/A	472	158	0.08%	0.24%	531	6.46%	93.83	6
82	Larcis Ducasse	new	N/A	473	241	0.03%	0.14%	383	28.34%	94.80	5
83	Jean-Louis Chave	42	-41	474	220	0.09%	0.05%	2,848	-9.80%	98.40	5
84	Gruaud-Larose	87	3	477	61	0.29%	1.29%	371	3.04%	89.61	19
85	Georges et Henri Jayer	new	N/A	478	255	0.08%	0.01%	9,927	13.79%	92.33	4
86	Catena	new	N/A	479	170	0.05%	0.26%	349	-3.04%	96.17	13
87	Clerc Milon	new	N/A	487	98	0.15%	0.65%	373	7.80%	91.00	8
88	Screaming Eagle	7	-81	488	230	0.15%	0.02%	13,178	-3.36%	97.25	4
89	Macchiole	new	N/A	490	266	0.04%	0.06%	1,071	9.77%	95.25	4
89	Beychevelle	new	N/A	490	52	0.38%	1.36%	458	-0.80%	89.58	18
91	Bellevue Mondotte	new	N/A	494	272	0.04%	0.03%	2,075	7.16%	96.33	3
91	Malescot-St-Exupéry	new	N/A	494	136	0.10%	0.28%	589	2.07%	93.67	6
93	Janasse	new	N/A	496	237	0.03%	0.15%	381	52.22%	95.00	3
94	Jean Grivot	new	N/A	500	267	0.03%	0.07%	804	27.43%	92.11	9
95	Domaine de Chevalier	new	N/A	502	134	0.07%	0.41%	286	1.51%	92.62	14
96	Mondotte	59	-37	508	326	0.02%	0.01%	2,323	7.52%	97.67	3
97	Domaine William Fèvre	97	0	509	148	0.06%	0.34%	308	1.23%	94.44	8
98	Brane-Cantenac	new	N/A	512	136	0.08%	0.30%	454	7.27%	91.50	7
99	Bonneau du Martray	new	N/A	513	192	0.06%	0.16%	665	4.13%	92.67	9
100	Pavie Macquin	99	-1	518	243	0.04%	0.10%	610	6.05%	93.75	8

as Joss Fowler, director at merchant Fine + Rare records, "Our best selling wine by volume in August was 2010 Smith Haut-Lafite." Consequently, he says, "Young Bordeaux, if the price is right, is not a hard sell."

Meanwhile, the strong performance of Pape-Clément's nearest viticultural neighbour, Haut-Brion, is both testament to the rising power of Graves and search for value among collectors. Haut-Brion has the highest average Parker score of the firsts in this year's survey, and yet it is the cheapest of the five – Lafite, Latour, Mouton and Margaux all have higher average case prices. As Gibbs states, "It's all about relatives." Continuing he says, "People are thinking, Haut-Brion is a first

Haut-Brion has the highest average Parker score of the firsts in this year's survey, and yet it is the cheapest of the five

growth, the scores are high, and it costs 30% less [than Lafite], so maybe I should buy some." Indeed, the most expensive of the firsts – Lafite – was the worst performer of the five this year. It seems there's still a sense this label is still too costly in comparison to its peers, particularly following the crackdown on gift giving among Chinese government officials – Lafite had of course been a highly effective sweetener in both business and political circles.

BUOYANT BURGUNDY

Beyond Bordeaux, brands from Burgundy are the most common in this year's survey, accounting for 17 of the 100 featured, although slightly down on last year's 19, and still significantly fewer than Bordeaux, with 59. A standout Burgundian grower for 2013 is Sylvain Cathiard, which is number two in terms of price performance. Another strong showing comes from Bouchard Père et Fils, rising 74 places to 34th in the table.

A combination of increasing demand and limited supply has benefitted the region, and merchants believe Burgundy will continue to rise in price, particularly following the very small 2012 vintage. "I think the next six months will be busy for

Burgundy is very hard to replicate, so people won't move away from it

Burgundy," says Fine + Rare's Fowler. Describing the wines as "underpriced – you can buy a grand cru Burgundy from a good vintage for £600 a case" – he says that the combination of value and inimitability will drive further price appreciation. Fowler states: "While you can make a Bordeaux lookalike from elsewhere in the world, Burgundy is very hard to replicate, so people won't move away from it, and, as a result, I think prices will move up."

Fine wine market trends: the merchants' views



GARY BOOM, MANAGING DIRECTOR, BORDEAUX INDEX

"It seems like people are talking about everything but Bordeaux," records Bordeaux Index MD Gary Boom. He is seeing customers "switch their attention to the Napa and Italy", along with Champagne, noting that Bordeaux Index "must be by far the largest distributor of great Champagne in the UK".

Bordeaux is still half the merchant's business, and Boom says that "he continues to champion the first growths", noting that they are starting to show "quite good value", although he adds that "the Right Bank is definitely more popular than the Left". Like all UK merchants, his en primeur sales have declined markedly, from over £35 million in 2009 to £6.5m in 2012 (£5m of which was Lafite). As for next year, he says, "Bordeaux have their fate in their own hands: if they want us to sell it en primeur then we have got to have the right price." Continuing he says, "Even if 2013 Bordeaux is a wash out, if the price is low enough we will sell quite a lot."

Despite falling sales of en primeur Bordeaux, and a major drop in Chinese demand ("it has marched off a proverbial cliff"), Boom sums up, "We will have a better year this year than the last, and I very much doubt you will find another merchant that will say that."



MATTHEW TIPPING, FINE WINE SALES MANAGER, BERRY BROS & RUDD

"More so than ever before there has to be a good reason to buy," reports Matthew Tipping, fine wine sales manager at Berry Bros & Rudd, speaking of his customers. He adds that it's only really parcels of "rare wines at a good price" that seem to sell at the moment.

For the purely investment market, Tipping explains that Bordeaux still forms the bulk of Berry's business, but the percentage has dropped. Looking ahead, he says, "In the next year to 18 months I expect to see growth," before noting, "I think we are seeing the bottom of the market". He also observes, "There is a bit of confidence returning in terms of the investment market now we've seen a year of relatively stable prices."

Considering trends over the last 12 months he says, "We have sold more Right Bank Bordeaux than in previous years and the Super Tuscans have leapt forward with the 2010s." Continuing, he says, "We sold more Champagne than before and Italy in general: the Super Tuscans catch the headlines but we are also seeing a lot of interest in Barolo and Brunello."

Tipping explains that Berry's customers have diversified into new regions due to the price declines in blue chip Bordeaux on the secondary market. However, he forecasts, "I think Bordeaux will come back as soon as prices begin to lift."

Nevertheless, looking at the performance of the Côte d'Or's very top producer, there is a sense it may have peaked in price. Last year's chart topper, Domaine de la Romanée-Conti (DRC) has slipped down the survey, suffering from almost no price movement in the last 12 months. "It's kind of done its thing," believes Gibbs, who says that Burgundy buyers may be behaving like followers of Bordeaux a couple of years ago, and looking beyond the region's leading label. "Just as people rolled out of Lafite and into Mouton, Margaux and other things, it seems people have rolled out of DRC,

Just as people rolled out of Lafite and into Mouton, Margaux and other things, it seems people have rolled out of DRC

and we're now seeing things like Cathiard and Bouchard on the rise." Continuing, he notes, "And people complained that Bordeaux had got too expensive, but DRC is nuts." Exemplifying this, he says, "The average price of a bottle of La Romanée-Conti in the last ten vintages is £8,500, and you can buy three cases of Haut-Brion 2004 with 95 points for that.

"Bordeaux is no longer expensive in my opinion, but to drink top end Burgundy is outrageously expensive."

Of further concern is a sense that DRC is being bought solely for speculative purposes and not for drinking. As a consequence, even though total production is a relatively small 7,000

Fine wine market trends: the merchants' views



GILES BURKE-GAFFNEY, BUYING DIRECTOR, JUSTERINI & BROOKS

"Bordeaux has been bumping along the bottom for a bit," records J&B buying director Giles Burke-Gaffney. "Interest has broadened," he notes, with Burgundy, Champagne, the Piedmont and Tuscany benefitting. Aiding this trend is the merchants, who he says, "have broadened their horizons."

Overall, he says that fine wine buyers are "looking for value like never before", assessing quality versus prices by going to tastings and reading the reviews. "People are looking at what they are paying for things; it's no longer 'I want this and I'll buy it at any price.'"

In terms of markets, he says, "Hong Kong is booming for us and Singapore has always been very strong and continues to be so." Mainland China, he suspects, "is much more volatile". Summing up he says that the pure speculation market has "cooled off" and for the future he believes Burgundy and Champagne are "good places to buy" because, "they will hold their value and probably go up". Barolo too he thinks will appreciate in price. "We have seen a lot of enthusiasm for the Piedmont in the UK for several years now, but there is a mini explosion in Asia now."



JOSS FOWLER, DIRECTOR OF FINE WINE, FINE + RARE

As previously reported by *the drinks business*, buyers are shunning "boring" Bordeaux for an "eclectic" collection of fine wines, particularly cult Californian Cabernets, according to Fine + Rare director Joss Fowler. In a more recent interview, Fowler adds that, despite falling demand for first growths, the merchant has "been selling a fair bit of Bordeaux", including a "big parcel" of 2010 Smith Haut-Lafitte. Bordeaux currently accounts for around 50% Fine + Rare's sales and he reports a rising call for Right Bank chateaux Pavie and Angelus following their upgrade.

Meanwhile, Burgundy, which accounts for a "constant 20%" of Fine + Rare's business, is still, in his view, "underpriced", particularly in light of small harvests in 2011 and 2012.

Champagne's "major releases" have "worked well" says Fowler, with Dom Pérignon 2004 one of the merchant's best selling wines of 2013.

Summing up, he says, "We are selling the most extraordinary, eclectic mix, leaning a bit towards Italy... we are selling wines that offer value, or wines with romance.

"But what is slightly more difficult to sell today is the wine which selling five years ago was like shooting fish in a barrel: we're no longer selling pallets of classed growth Bordeaux to speculators."

cases a year, if the wine isn't being consumed, stock levels will build up. In particular, it's estimated that Nobles Crus, the world's largest fine wine fund, which suspended withdrawals earlier this year because it could not meet redemptions, is rumoured to hold an estimated €30 million worth of DRC.

Top ten: average trade price

Rank	Brand	Average trade price
1	DRC	£22,576
2	Pétrus	£20,130
3	Le Pin	£16,287
4	Screaming Eagle	£13,178
5	Georges & Henri Jayer	£9,927
6	Ausone	£5,528
7	Lafleur	£5,484
8	Lafite Rothschild	£4,591
9	Armand Rousseau	£4,540
10	Cheval Blanc	£3,855

CONSISTENT CHAMPAGNE

Rivalling Burgundy and Right Bank Bordeaux for increasing attention among collectors looking for good-value investment wines is Champagne. Guaranteeing consistent returns, while benefitting from high scores and, relative to the world's most powerful brands, low prices, Champagne has continued to prosper from the declining demand for Left Bank Bordeaux. And, among the famous prestige cuvées traded on the secondary market, it's the cheapest that's performing best – Taittinger's Comtes de Champagne has shot up 32 places to 25th in the table.

Champagne has continued to prosper from the declining demand for Left Bank Bordeaux

Fine wine market trends: the merchants' views



TOM HUDSON, DIRECTOR, FARR VINTNERS

The market is "flat" according to Farr Vintners director Tom Hudson, who witnesses a move away from "trophy wines" in line with a decline in demand from Asia and an increase in business in Europe and the UK. "China has slowed dramatically," he states.

Meanwhile, he observes an "ill will towards Bordeaux at the moment because of the very high prices we've had," and, consequently Farris' customers are "looking at alternatives", although he adds that 85% of the merchant's turnover remains Bordeaux.

Burgundy he says "has completely bucked the trend of the rest of the market in the last two years and top end Burgundy continues to go up." Sustaining this are buyers in Europe, the USA and Hong Kong, ensuring a truly global spread of sales.

Furthermore, he adds, "I think a lot of people have been looking at Burgundy because it is a great drink at the top end and if you go back 2-3 years it was underpriced compared to top end Bordeaux, although Burgundy has done some catching up, meaning some have made fantastic returns."



BRUCE ASTON, DIRECTOR, ASTON LOVELL

Aston Lovell director Bruce Aston stresses that the overall market for fine wine is down due to "the Chinese bubble and successively overpriced en primeur campaigns". In particular, he believes that the first growths are still overpriced and as a result, "traditional buyers from the traditional markets, America in particular, have stopped buying them." He says that first growth prices will have to come down "considerably" for this trend to reverse.

On a positive note he observes, "The market has broadened considerably". With buyers "seeking excellent quality for less money" demand has moved into "Tuscany, Bordeaux Right Bank, Rhône and Champagne," he says.

Finally, he records an increase in the "sell-only" side of Aston Lovell's business. "There seems to be an awful lot of people out there currently who own wine and want to sell it, but just can't get a good deal from merchants/brokers who are apparently offering terrible prices to stock owners at the moment."

Helping the Champagne trend and Taittinger in particular is Bordeaux Index, which is "by far the largest distributor of great Champagne in the UK", according to the merchant's managing director Gary Boom. Commenting on Comtes de Champagne, he says, "it looks cheap", while speaking of prestige cuvées such as Dom Pérignon, Krug and

Bollinger's Grand Année, he adds, "It doesn't take a genius to see why Champagne works: each year the price goes up by 5%... it's like a bond that keeps giving."

Elsewhere, at Fine + Rare, Fowler says Dom Pérignon 2004 has been one of the merchant's best selling wines of the last 12 months, while Matthew Tipping, fine

Top ten: trade share by value

Rank	Brand	Trade share by value
1	Lafite Rothschild	18.10%
2	Mouton Rothschild	8.93%
3	Latour	6.20%
4	Margaux	5.76%
5	Pavie	4.70%
6	Haut Brion	3.93%
7	DRC	3.48%
8	Petrus	3.40%
9	Angelus	2.84%
10	Montrose	2.72%

Top ten: trade share by volume

Rank	Brand	Trade share by volume
1	Lafite Rothschild	6.57%
2	Mouton Rothschild	4.68%
3	Lynch Bages	4.53%
4	Pavie	4.41%
5	Montrose	3.77%
6	Pontet Canet	3.53%
7	Latour	3.40%
8	Margaux	3.27%
9	Haut Brion	2.59%
10	Duhart Milon	2.55%

Top ten: average score

Rank	Brand	Average score
1	Domaine Jean-Louis Chave	98.40
2	Beausejour Duffau	97.67
2	Mondotte	97.67
2	Violette	97.67
5	Chapoutier	97.50
6	Screaming Eagle	97.25
7	Giacomo Conterno	97.00
8	Penfolds, Grange	96.60
9	Dominus	96.50
10	Bellevue Mondotte	96.33

wine sales manager at Berry Bros. & Rudd picks out the strong performance of Cristal 2006, Comtes 2005 and Pol Roger 2004 – all released this year.

Explaining the success of Champagne on the secondary market, Gibbs sums up, “The volumes are big enough for broad distribution, it is released ready to drink, and, once it’s gone, the price begins to drift up.”

Super Tuscan brands such as Sassicaia are benefitting from a perception they are underpriced relative to their scores

ITALIAN ATTRACTION

As mentioned at the outset, Italy is a further source of new interest for fine wine collectors. Not unlike Right Bank Bordeaux high risers this year, Super Tuscan brands such as Sassicaia are benefitting from a perception they are

underpriced relative to their scores and Bordeaux’s first growths. Furthermore, Piedmont’s Bruno Giacosa is this year’s highest new entry, breaking into the table at number 40. Explaining its sudden rise, Gibbs says, “It has produced some really high scoring wines, which have boosted trade and prices for the label across as many as 15 different vintages.” Noting the low levels of production, he adds, “If

there was more of it, it would be higher.”

Similarly, Justerini & Brooks buying director Giles Burke-Gaffney observes the demand for Italian super brands: “Interests have broadened, and Piedmont and Tuscany are benefitting a lot.”

RHONE RESURGENCE

However, one further region which has shown a jump in trade over the last 12 months is the Rhône. The area has in fact experienced a record proportion on Liv-ex this year: while it normally accounts for around 1% of trade, in the last few months it has enjoyed a 3-4% share. The region is also home to one of

this year’s highest climbers, Chapoutier, which has jumped 54 places to sit at 11th in the table. This biodynamic brand is benefitting from high scores and moderately high volumes, as well as the aforementioned broadening interest among fine wine buyers. Gibbs explains the rise of the Rhône and other regions, saying, “Just as left bank Bordeaux has gone out of fashion, the top Rhône, top Champagnes and top Italians have started producing some of their best wines, so we are seeing increased trade.”

He observes: “Suddenly the stars have aligned for everything of quality that’s not Bordeaux.”

This of course also signals a maturing fine wine market. “Brands are how you enter the market, but as the market becomes sophisticated, it starts to look at quality,” explains Gibbs. Such focus is

Top ten: year-on-year market price performance

Rank	Brand	YOY market price performance
1	Violette	102.80%
2	Sylvian Cathiard	54.14%
3	Janasse	52.22%
4	Masseto	46.03%
5	Beausejour Duffau	38.02%
6	Taittinger, Comtes de Champagne	35.34%
7	Salon	34.84%
8	Gay	31.03%
9	Larcis Ducasse	28.34%
10	Philipponnat, Clos des Goisses	27.85%

Top ten: unique vintages traded in the last year

Rank	Brand	Unique vintages traded in last year
1	DRC	65
2	Latour	47
3	Margaux	45
4	Haut Brion	44
5	Lafite Rothschild	42
6	Mouton Rothschild	33
7	Palmer	31
8	Domaine Leflaive	30
8	Bouchard Père et Fils	30
10	Lynch Bages	27
10	Pichon Lalande	27

Liv-ex Power 100: Methodology

It's important to stress that this year's Liv-ex Power 100 was compiled using a slightly altered methodology. Notably, it has been altered to group wines together as brands, incorporating, for example, the second wines of the first growths. As Liv-ex director Justin Gibbs explains, "This means this year is really power brands, whereas before, it was more power wines."

Also, 2013's survey does not include a weighted production figure, but considers the quantity of wine which has actually traded on the fine-wine exchange in the past year. This means the results are focused on what trades, not the amount made or released, both of which are "grey areas" says Gibbs.

The full methodology is below:

A list was generated of all wines traded on Liv-ex in the past year (1 September 2012-31 August 2013) and grouped by brands. This list of 450 brands was narrowed down by identifying brands where at least three wines or vintages had traded. Only the wines traded in this period on Liv-ex were included in the following calculations.

BRANDS WERE RANKED BY:

- ▶ Price performance: We compared the market price for a case of wine on 1 September 2012 with its market price on 31 August 2013.
- ▶ Critic score: We calculated the average score from Robert Parker across the wines in a brand. Where no Parker Score was available we used scores from *The Wine Spectator*, Allen Meadows (Burghound), Stephen Tanzer (International Wine Cellar) and James Suckling.
- ▶ Trading performance: We calculated two rankings, one for total value and one for total volume traded on Liv-ex in the last 12 months. These were then combined to produce an overall trading performance score.
- ▶ Number of wines/vintages traded across a brand.
- ▶ Average price of the wines in a brand. This is the volume-weighted average trade price for all units traded between 1 September 2012 and 31 August 2013.

These individual rankings were then combined with a weighting of 1 for each criteria, except trading performance which had a weighting of 1.5 (as it combined two criteria). The final 100 brands accounted for over 1600 unique wines/vintages traded in the past year.

The market was so focused on Bordeaux... the rise of other regions and brands is creating a broader, deeper and healthier market

driving diversification, which, he believes, is creating a stronger foundation for the market. Gibbs sums up the situation: "The market was so focused on Bordeaux and so focused on the first growths, that the rise of other regions and brands is creating a broader, deeper and healthier market." db

