



BORDEAUX and beyond

Helped by a dramatic fall in prices, Bordeaux's market misery appears to be coming to an end, yet claret is increasingly having to share the limelight as a host of new power labels come to the fore, writes *Patrick Schmitt MW*

liv-ex power 100

Liv-ex Power 100: the top 20 fine wine brands

Source: Liv-ex

Rank 2015	Brand	Rank 2014	Total Score	Value and volume		Value traded		Volume traded		Average trade price/case		Unique vintages traded		Price performance	
				Rank	Score	LX value	Rank	LX vol	Rank	Price	Rank	Number	Rank	Change	Rank
1	Mouton Rothschild	4	49.5	1	5	9.77%	2	3.96%	3	£3,037	15	40	8	4.44%	25
2	Haut-Brion	5	68.5	7	16	4.37%	5	2.06%	11	£2,608	19	45	4	3.61%	35
3	Angelus	28	80.5	17	38	2.08%	14	1.16%	24	£2,211	27	25	16	7.62%	12
4	Pavie	2	102	14	33	1.94%	16	1.35%	17	£1,763	32	20	28	4.90%	21
5	DRC	1	104	54	124	2.07%	15	0.16%	109	£15,583	3	66	1	5.67%	19
6	Margaux	8	118	6	13	4.48%	4	2.23%	9	£2,472	24	50	3	0.29%	82
7	Mission Haut-Brion	25	136.5	11	22	3.01%	8	1.67%	14	£2,215	26	27	11	0.22%	83
8	Cheval Blanc	3	139	18	39	2.96%	9	0.93%	30	£3,910	10	25	16	-0.08%	86
9	Domaine Leflaive	49	140.5	53	122	0.35%	52	0.34%	70	£1,279	48	45	4	8.54%	9
10	Léoville-Las Cases	25	148	20	40	1.15%	20	1.27%	20	£1,118	54	20	28	3.60%	36
11	Lafite Rothschild	10	153	2	6	10.17%	1	3.59%	5	£3,489	11	43	6	-3.43%	133
12	Sylvain Cathiard	54	159.5	87	165	0.36%	50	0.15%	115	£2,964	16	36	9	11.39%	4
13	Latour	9	167.5	7	16	4.53%	3	1.81%	13	£3,083	14	43	6	-3.83%	137
14	Montrose	23	169.5	9	18	2.60%	11	3.15%	7	£1,015	60	24	20	0.60%	76
15	Palmer	7	170.5	25	60	0.96%	26	0.80%	34	£1,486	41	26	13	0.41%	79
16	Petrus	12	176.5	51	119	2.44%	12	0.17%	107	£17,951	1	21	25	0.73%	74
17	Ducru-Beaucaillou	22	180	16	37	1.12%	22	1.39%	15	£986	63	26	13	0.31%	80
18	Coche Dury	New	187.5	67	144	0.41%	42	0.19%	102	£2,675	18	12	64	10.61%	5
19	Cos d'Estournel	18	192	4	11	3.07%	7	3.84%	4	£985	64	27	11	-1.83%	111
20	Lynch-Bages	11	193	10	19	2.37%	13	3.48%	6	£837	74	25	16	-0.21%	88

AS OUR regular readers will know, November at *the drinks business* means one thing: it's time to reveal the results of our annual fine wine power survey in partnership with Liv-ex: the global marketplace for professional buyers and sellers of fine wine. Called the Liv-ex Power 100, the following tables list the strongest labels of 2015, ranked according to the volume and value traded through Liv-ex over the past 12 months, along with other measures, such as price movement and the average cost of a 12-bottle case (to see the full methodology go to page 43). It is, as always, an illuminating sign of collectors' tastes, a report that "reflects the year that was", according to Liv-ex director Justin Gibbs.

Notably, 2015 sees a continuation of last year's trend: Bordeaux's proportion of sales is falling as demand broadens into other regions. Gibbs records: "Last year, Bordeaux was 79% of the market, now it's 74%." Interestingly, this figure is almost

Feature findings

- > 2015 sees a continuation of last year's trend: Bordeaux's proportion of sales is falling as demand broadens into other regions, particularly Champagne, Italy and Burgundy.
- > The effect of the China trading market has now disappeared. Consequently the shape of the market is similar to what it was like just over 10 years ago.
- > It's not just the collapse of Chinese demand that has affected Bordeaux's share of trade, it is also the negative impact of Bordeaux's high en primeur release pricing.
- > Despite a falling share for Bordeaux, merchants are selling plenty of well-priced ready-to-drink claret, often at lower prices than younger vintages.
- > Overall, the fine wine market is up 0.5% year-to-date, which suggests that the Bordeaux misery is coming to an end, helped by a dramatic drop in claret prices. Key to this turnaround will be next year's en primeur release – Bordeaux 2015.
- > There is still a lack of confidence in the market; people are buying only what they need, hence the average value per trade on Liv-ex has continued to fall.
- > Furthermore, buyers are no longer simply chasing the big brands, but looking for value. By way of example, Lafite and Latour are down, but Haut-Brion is enjoying price rises on the secondary market because it offers the best value among the first growths: it has the highest scores and yet it's the cheapest.
- > Mission Haut Brion is a further brand to watch and Château Haut-Bailly is a rising star, which suggests that the market's eye is turning towards Pessac-Léognan.
- > Burgundy's star brand, DRC, is seeing secondary market prices stall, while customers are becoming much more picky about what they buy from this famous domaine.

liv-ex power 100

Liv-ex Power 100: 21-40

Source: Liv-ex

Rank 2015	Brand	Rank 2014	Total Score	Value and volume		Value traded		Volume traded		Average trade price/case		Unique vintages traded		Price performance	
				Rank	Score	LX	value	Rank	LX vol	Rank	Price	Rank	Number	Rank	Change
21	Guigal	16	196	14	33	1.55%	17	1.39%	16	£1,376	46	52	2	-3.03%	127
22	Moët & Chandon	41	203	28	63	0.67%	31	0.86%	32	£960	65	16	47	2.23%	49
23	Le Pin	34	208	86	164	1.02%	25	0.09%	139	£14,676	4	16	42	3.84%	33
24	Beychevelle	46	215.5	23	55	0.55%	36	1.29%	19	£521	105	19	34	2.96%	42
25	Smith Haut Lafitte	33	218	42	105	0.30%	56	0.51%	49	£715	85	14	52	6.25%	18
26	Pichon Lalande	47	220	22	53	0.78%	30	1.19%	23	£809	78	24	20	-0.23%	89
27	Sassicaia	6	220.5	3	7	3.51%	6	8.71%	1	£496	109	0	38	1.33%	69
28	Chapoutier	43	224	70	147	0.20%	70	0.31%	77	£806	79	26	13	4.21%	27
29	Armand Rousseau	13	229.5	101	199	0.29%	57	0.08%	142	£4,569	7	28	10	1.81%	61
29	Bouchard Père et Fils	15	229.5	39	99	0.38%	45	0.45%	54	£1,053	58	24	20	-0.59%	93
31	Léoville Poyferré	21	232	12	27	1.24%	19	2.27%	8	£673	88	20	28	-1.09%	98
32	Haut-Bailly	138	237	38	95	0.35%	53	0.59%	42	£730	84	10	81	6.82%	15
33	Salon	85	238.5	31	75	1.02%	24	0.50%	51	£2,505	22	5	153	6.32%	17
34	Léoville Barton	27	241	24	57	0.57%	35	1.22%	22	£572	97	23	23	-0.03%	85
35	Calon Segur	51	242	34	79	0.38%	46	0.83%	33	£560	98	17	38	1.95%	55
36	Méo Camuzet	48	246.5	103	201	0.13%	86	0.15%	115	£1,096	55	23	23	7.46%	14
37	Conseillante	97	257.5	45	107	0.36%	51	0.43%	56	£1,010	61	13	57	1.20%	72
37	Louis Roederer	30	257.5	13	30	1.53%	18	1.90%	12	£996	62	13	64	-1.90%	112
39	Vieux Château Certan	55	259.5	75	152	0.24%	64	0.25%	88	£1,175	52	13	57	3.22%	38
40	Pontet-Canet	34	261.5	5	12	2.73%	10	4.06%	2	£827	75	17	38	-4.28%	141

identical to the region's percentage share back in 2004, just one year before Bordeaux demand started to escalate, and go on to reach a peak of 96% of Liv-ex trade by value (see table, opposite page). This record proportion was struck in late 2010, and can be attributed to "the Chinese trading market", says Gibbs. Indeed, reporting on the trends in that year, we quoted Gibbs' colleague and fellow Liv-ex director James Miles as he

witnessed the unnatural nature of demand – this was a period when just 4% of trade concerned labels other than claret, and almost three quarters of all business was focused on just five brands.

"The market is absurdly concentrated on Left Bank first growths: 61% of our trade is in those five wines," Miles told *db* in late 2010. And in the Liv-ex Power 100 of that year, the top five most powerful brands were – you guessed it – the five first growths.

But times have changed, or rather, returned to normal. Looking back, Gibbs observes: "The market [for top-end Bordeaux in Asia] began in 2005, peaked at the end of 2010, and we are back to where we were. The shape of the market is back to what it was before China even happened. The bubble has gone, the market has normalised."

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Such decline in Bordeaux's share of Liv-ex trade does, of course, mean that other regions have increased their proportion of sales – fine wine demand is diversifying.

As a result, Gibbs records that over 3,000 different wines were traded on Liv-ex in the last 12 months, representing 265 brands. Of those, 166 qualified for this list, a 10% increase on last year's survey (to be considered for the Power 100, the brands must trade three vintages or more and account for more than £10,000 in trade over a 12-month period).

"There is a long tail in wine and the broader the market, the longer the tail becomes," points out Gibbs.

liv-ex power 100

Percentage of trade on Liv-ex (regions, by value)

	Bordeaux	Burgundy	Champagne	Italy	Rhône	Rest of the world
2004	75.8%	7.1%	4.9%	5.2%	3.2%	3.9%
2005	78.6%	6.4%	5.5%	3.3%	1.5%	4.7%
2006	92.1%	2.1%	2.3%	1.6%	0.4%	1.5%
2007	91.9%	3.0%	2.1%	0.7%	1.5%	0.7%
2008	92.6%	3.2%	2.5%	0.8%	0.5%	0.5%
2009	89.6%	4.7%	1.6%	1.7%	1.1%	1.3%
2010	95.8%	1.0%	1.2%	1.1%	0.5%	0.5%
2011	93.8%	2.3%	1.1%	1.6%	0.9%	0.4%
2012	87.7%	5.4%	1.9%	2.3%	1.5%	1.2%
2013	82.8%	7.0%	2.3%	3.1%	2.8%	2.1%
2014	79.6%	6.4%	2.8%	4.9%	4.0%	2.3%
2015 (YTD)	73.7%	6.0%	6.5%	7.1%	2.3%	4.4%

However, it's not just the collapse of the Chinese fine wine market that's affected Bordeaux's share of trade on the Liv-ex exchange – it's Bordeaux's high *en primeur* release pricing. "The sentiment towards Bordeaux has not been helped by *en primeur* releases of late," says Gibbs.

"Bordeaux has been releasing indifferent vintages at too high a price – if you see the Liv-ex guide to *en primeur*, of the last 10 releases, you would have lost money on six of them."

EN PRIMEUR DECLINE?

At its highest point – the 2009 release in 2010 – *en primeur* Bordeaux represented almost 15% of Liv-ex trade, but today it's less than 1%. As managing director of merchant Bordeaux Index, Gary Boom says in support of the Liv-ex findings: "The past few years have taught us not to rely on *primeurs* at all; at best, it's a helpful boost to sales, but at worst, it's an expensive distraction."

Picking up on that last point, Corney & Barrow sales director Oliver Hartley stresses just how small the margins are today for merchants, which makes the significant investment in selling *en primeur* Bordeaux far less appealing than it once was: "One shouldn't forget how little money we make [nowadays] on *en primeur*," he says. "In the late 80s we were making 40% gross margin on the wines; these days we scratch away for 10%... You are wasting your time trying to run a

business making 5-10% margin on wines that are selling for £210 a case *en primeur* – unless there is significant volume."

Nevertheless, the Liv-ex Power 100 results this year suggest that *cru classé* claret prices have reached their lowest point and Bordeaux may be beginning to turn around. "There's a sense now that pricing is no longer outrageous, broadly speaking," says Gibbs. "There are still areas where it simply doesn't make sense, but we have corrected a long way – we are at least 50% down on release prices compared to 2010."

As shown in the top 10s for value and volume traded in the past year, Bordeaux dominates the tables. This of course

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Average price per case (12x75cl, September 2015)

- > Champagne: £1,396 (comprises the top vintages in the market from Krug, Cristal, Dom Pérignon, Salon and Comtes de Champagne).
 - > Super Tuscan: £1,725 (comprises the last 10 vintages of Masseto, Tignanello, Sassicaia, Ornellaia and Solaia)
 - > First Growth: £3,884 (comprises the last 10 vintages of Lafite, Latour, Mouton-Rothschild, Margaux and Haut-Brion)
 - > DRC: £24,019 (with Romanée-Conti) or £9,488 (without Romanée-Conti)
- (The figures above are Liv-ex mid prices, which are calculated by finding the mid-point between the current highest bid price and lowest offer price on the Liv-ex trading platform)

reflects the high production levels of these labels – the big Left Bank estates make tens of thousands of cases, compared with 100s for Right Bank properties or Burgundy domaines, but it's also because 2014 *en primeur* was a more successful campaign, while merchants are selling plenty of well-priced ready-to-drink Bordeaux, often at lower prices than younger vintages. As Goedhuis managing director Tom Stopford Sackville explains: "Asian buyers have been buying across the board, but the old favourites (Beychevelle, Lynch-Bages, Carruades, Pavillon) still sell but often only when cheaply priced. It's really more about >



liv-ex power 100

Liv-ex Power 100: 41-60

Source: Liv-ex

Rank	Brand	Rank	Total	Value and volume		Value traded		Volume traded		Average trade price/case		Unique vintages traded		Price performance	
				2014	Score	Rank	Score	LX	value	Rank	LX vol	Rank	Price	Rank	Number
41	Ponsot	29	263	96	191	0.24%	63	0.12%	128	£2,512	21	11	72	4.23%	26
42	Pape Clément	31	263.5	25	60	0.59%	34	1.13%	26	£641	90	16	42	-0.85%	94
42	Pichon Baron	40	263.5	21	45	0.94%	27	1.31%	18	£880	73	18	35	-2.66%	124
44	Yquem	20	264	30	66	0.88%	28	0.64%	38	£1,701	37	20	28	-6.72%	154
45	Tignanello	89	264.5	25	60	0.50%	39	1.26%	21	£488	141	12	64	4.79%	22
46	Penfolds	38	266	54	124	0.60%	33	0.23%	91	£3,227	12	12	64	-1.71%	109
47	Screaming Eagle	64	270.5	85	163	1.12%	21	0.08%	142	£17,592	2	6	139	15.14%	2
48	Vega Sicilia	102	273	48	112	0.40%	43	0.34%	69	£1,430	45	18	35	-2.45%	121
49	Ausone	52	275	52	121	1.03%	23	0.21%	98	£5,966	5	16	42	-5.65%	150
50	Masseto	50	281.5	81	160	0.50%	40	0.14%	120	£4,276	9	12	64	-0.20%	87
51	Opus One	14	282.5	61	135	0.37%	47	0.25%	88	£1,814	31	9	97	1.70%	63
52	Dominus	53	286	90	169	0.19%	71	0.21%	98	£1,086	56	18	35	1.85%	60
53	Lafleur	58	287.5	73	151	0.64%	32	0.15%	119	£5,342	6	13	57	-1.92%	115
54	Gaja	17	294.5	67	144	0.27%	59	0.27%	85	£1,202	50	21	25	-2.34%	119
55	Eglise Clinet	75	299.5	41	102	0.51%	38	0.36%	64	£1,723	33	15	47	-8.01%	158
56	Beaucastel	18	302	50	117	0.25%	62	0.44%	55	£699	86	25	16	-2.70%	125
57	Grand-Puy-Lacoste	61	316.5	33	78	0.37%	49	0.97%	29	£464	150	16	42	0.71%	75
58	Joseph Drouhin	92	318	128	243	0.10%	101	0.08%	142	£1,559	38	13	57	3.99%	31
59	Dom. des Lambrays	New	321	94	174	0.17%	74	0.20%	100	£1,050	59	9	97	4.45%	24
60	Clerc Milon	55	324.5	37	89	0.27%	58	0.87%	31	£384	167	11	72	4.13%	30

price these days: Lafite is still the easiest first growth to sell but at the new lower prices; Mouton Rothschild remains popular but again at the right price." Corney & Barrow's Hartley concurs: "What we seem to be selling now is maturing vintages – we are certainly seeing greater interest in wine that is ready for drinking. People have stacks of young wine in their cellars... and if, for

'2015 is a great opportunity for Bordeaux to put itself at the front of the fine wine market again, and, at the right price, it will work'

example, they can buy Pichon-Baron 2001 for considerably less than the 2010, they are thinking 'Why wouldn't I?' There is a demand for older vintages... so we try and get as much as we can of those."

VINTAGE APPEAL

Boom echoes this view, again noting the success of Bordeaux, but for sensibly priced older vintages: "Primeur 2014 was another disappointing campaign overall, due to overly high prices. We've had more success with smartly-priced ex-château releases from top estates – Latour 2003 and Cheval Blanc 2005 both worked brilliantly, being released at effectively market price."

Helping the Bordeaux recovery may also be a sense, as Gibbs puts it, that "everything is so negative on Bordeaux, it's getting close to a positive".

But what about the fine wine market as whole? Here too, Gibbs sees early signs of a bounce back. "From June 2011 to June 2015 we had four consecutive years of decline but the Liv-ex 100 is now up 1.3% in the year to date, and we are three-quarters of the way through 2015... Because we have held on to this [small percentage increase in fine wine prices], something is telling me that the Bordeaux misery is over."

liv-ex power 100

Liv-ex Power 100: 61-80

Source: Liv-ex

Rank		Rank	Total	Value and volume		Value traded		Volume traded		Average trade price/case		Unique vintages traded		Price performance		
				2014	Score	Rank	Score	LX	value	Rank	LX vol	Rank	Price	Rank	Number	Rank
2015	Brand	2014	Score	Rank	Score	LX	value	Rank	LX vol	Rank	Price	Rank	Number	Rank	Change	Rank
60	Comte Vogüé	36	324.5	127	239		0.12%	90	0.06%	149	£2,425	25	17	38	1.24%	71
62	Ornellaia	39	328	40	101		0.37%	48	0.48%	53	£941	68	11	72	-3.15%	128
63	Lascombes	90	339	42	105		0.25%	61	0.58%	44	£531	103	11	72	-1.27%	101
63	Evangile	24	339	60	134		0.35%	54	0.28%	80	£1,513	39	11	72	-3.96%	138
65	Duhart-Milon	64	341	18	39		0.84%	29	2.15%	10	£482	144	14	52	-2.31%	118
66	Branais-Ducru	93	342.5	35	82		0.33%	55	1.10%	27	£371	172	10	81	3.34%	37
67	Hudlot-Noëllat	45	345	132	253		0.07%	120	0.11%	133	£767	80	13	57	8.19%	10
68	Henschke	68	346.5	73	151		0.39%	44	0.17%	107	£2,895	17	6	139	0.30%	81
69	Bollinger	142	351	32	77		0.50%	41	0.75%	36	£810	77	12	81	-5.04%	145
70	Talbot	62	353.5	47	108		0.21%	68	0.62%	40	£416	164	16	42	0.54%	77
71	Clinet	79	355.5	65	141		0.24%	65	0.31%	76	£932	69	11	72	-2.30%	117
72	Figeac	72	356	120	231		0.09%	104	0.13%	127	£913	70	14	52	2.04%	54
73	Gruaud-Larose	32	359	42	105		0.23%	66	0.63%	39	£446	155	20	28	-1.91%	113
73	Tropelong Mondot	96	359	64	140		0.18%	73	0.34%	67	£627	91	14	52	-2.36%	120
75	Beauséjour-Duffau	86	362.5	77	154		0.21%	69	0.27%	85	£942	67	8	108	1.20%	72
76	Henri Boillot	67	370.5	97	192		0.09%	110	0.28%	82	£382	168	20	28	4.20%	29
77	Pingus	133	373	112	215		0.13%	85	0.11%	130	£1,465	42	8	108	1.95%	55
78	Fleur-Pétrus	42	373.5	81	160		0.22%	67	0.23%	93	£1,189	51	11	72	-3.19%	129
79	Catena Zapata	New	375	80	157		0.11%	98	0.42%	59	£316	191	21	25	3.18%	39
80	Rauzan-Ségla	68	381.5	83	161		0.13%	87	0.32%	74	£507	106	10	81	1.25%	70

Key to this turnaround will be next year's en primeur release – Bordeaux 2015. Already, reports from producers in the region strongly suggest that this year's harvest has produced a first-rate vintage.

EXPECTANCY FOR 2015

"It's an exciting vintage, and 2015 is being compared to a 2005, 2009 or 2010," records Gibbs. However, he warns that the pricing of 2015 will be looked at relative to the these critically-acclaimed maturing vintages, and the fact that potential buyers of 2015 will face "at least another five years storage and insurance costs for their wine".

So, for Gibbs: "2015 is a great opportunity for Bordeaux to put itself at the front of the fine wine market again. At the right price it will work, and it might well be what the market needs to go from flat-lining to sustained upward movement."

Tom Hudson, director at Bordeaux specialist Farr Vintners, also feels cautiously optimistic: "Hopefully 2015 Bordeaux will generate some life in the market, some enthusiasm and interest, but a word of caution: the buying public are wary of buying en primeur Bordeaux

'The public are wary of buying en primeur Bordeaux on the back of four failed campaigns that didn't work because the prices were wrong, not because the wines were bad'



liv-ex power 100

Liv-ex Power 100: 81-100

Source: Liv-ex

Rank	Brand	Rank	Total	Value and		Value		Volume		Average trade		Unique vintages		Price			
				Rank	Score	Rank	Score	LX	value	Rank	LX	vol	Rank	Price	Rank	Number	Rank
2015		2014		Rank	Score	LX	value	Rank	LX	vol	Rank	Price	Rank	Number	Rank	Change	Rank
81	Etienne Sauzet	New	394	138	265	0.05%	133	0.11%	132	£558	101			14	52	3.75%	34
82	Clos Fourtet	44	401.5	91	170	0.15%	80	0.25%	90	£758	81			7	121	1.70%	63
83	Scarecrow	New	402	160	312	0.04%	146	0.01%	166	£4,428	8			5	153	19.88%	1
84	Dujac	63	404	132	253	0.09%	107	0.08%	146	£1,445	43			15	47	-2.06%	116
85	Trotanoy	59	410	108	206	0.14%	81	0.14%	125	£1,266	49			12	64	-3.73%	135
86	Solaia	76	413	116	220	0.12%	94	0.13%	126	£1,074	57			6	139	2.80%	43
87	Petrolo	New	413.5	57	129	0.14%	84	0.55%	45	£305	196			7	121	8.17%	11
88	Clos Papes	84	414	100	196	0.10%	99	0.22%	97	£597	96			12	64	-1.33%	104
89	Paul Jaboulet Aîné	123	418	122	233	0.09%	105	0.12%	128	£947	66			17	38	-3.37%	131
90	Larcis Ducasse	New	420	126	238	0.08%	116	0.14%	122	£661	89			6	139	13.59%	3
90	Bonneau Martray	New	420	140	268	0.05%	130	0.09%	138	£755	82			7	121	9.66%	7
92	Taittinger	100	426.5	29	65	0.51%	37	1.04%	28	£607	95			6	139	-5.59%	149
93	Louis Jadot	77	427.5	141	271	0.07%	118	0.05%	153	£1,506	40			10	81	-0.95%	95
94	Georges Roumier	57	431	162	316	0.03%	155	0.02%	161	£1,718	34			9	97	1.93%	57
95	Jacques Frederic Mugnier	79	431.5	125	236	0.13%	88	0.06%	148	£2,486	23			10	81	-4.20%	140
96	Rieussec	104	438	58	131	0.13%	89	0.59%	42	£272	209			9	97	2.70%	45
97	Domaine Chevalier	87	440.5	83	161	0.12%	91	0.34%	70	£433	157			10	81	0.48%	78
98	Malescot St Exupery	134	442	66	142	0.16%	79	0.38%	63	£530	104			9	97	-4.49%	142
99	Joseph Faiveley	37	445.5	149	288	0.05%	131	0.04%	157	£1,708	35			10	81	-1.55%	106
100	Gazin (Pomerol)	New	448	118	227	0.07%	121	0.17%	106	£469	148			11	72	2.16%	51

on the back of four essentially failed campaigns that didn't work because the prices were wrong, not because the wines were bad. We have potentially a good vintage now, but people will only buy if the price is right."

Another merchant who has traditionally majored on en primeur Bordeaux is Berry

'If prices move more than 5-10% on 2014 there won't be speculation on them. It's all too raw, people won't bother'

Bros & Rudd. The company's Asian sales director, Simon Staples is similarly unsure whether next year's campaign will be a success, although he remains hopeful: "2015 seems to be looking peachy, but as prices for 2009 and 2010 are still seemingly not stable for the top 30 wines and people are still suffering from their hangovers from their losses on those wines, I'm far from confident that it will be a rip-roaring campaign," he says.

"And if prices move more than 5-10% on 2014 there won't be speculation on them. It's all too raw, people won't bother." He also points out that en primeur Bordeaux no longer benefits from Robert Parker – he announced his decision to stop reviewing the wines from barrel just ahead of the 2014 release, handing over the en primeur baton to fellow *Wine Advocate* reviewer Neal Martin.





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But moving away from speculation on Bordeaux futures, one further development spotted last year, and still true today, is a reluctance to spend really big sums on fine wine. Last year we recorded a 20% drop in the average price per unit traded from its peak in 2010/2011. This year the decline continued, with a fall of 9.6%. But while merchants are spending less, they are trading more wine – the total number of transactions in 2014 rose almost 14%.

“The data tells us that the market has broadened massively – there are a lot

‘Bordeaux needs to understand that if it doesn’t release at a price that makes sense, people can go elsewhere for perfectly good wine; Bordeaux is not competing against itself, but the rest of the world’

more wines than just Bordeaux,” says Gibbs. “But it also tells us that there is a lack of confidence in the market – people are buying only what they need. So, in a bull market, if you were offered three cases, you might take all of them, but in this market, you buy lots of little things.”

In essence, people are spending less, and spending more outside Bordeaux. Endorsing this trend, Gibbs says that the Liv-ex ‘Rest of World Index’, which includes the best of Spain, the US and Australia, along with Taylor’s Port, has enjoyed a 30% rise in the last five years, while the Liv-ex Fine Wine 50 Index,

Fine wine trends: the merchants’ view

**GARY BOOM, FOUNDER, BORDEAUX INDEX****What has been selling well for you in the past year and why?**

The big sellers for us in the past year have been Bordeaux, Burgundy, Italy – Piedmont and Tuscany – Spain and spirits. Bordeaux prices seem to have hit their base in August 2014 and since then we have seen gentle growth – this has certainly put some confidence back into the market. Plus 2009s and 2010s actually look quite good value again, given their likely eventual demand as two of the greatest vintages ever. Burgundy continues to be a growth area and we are seeing wider global demand for the biggest names – Rousseau, Roumier, Mugnier and so on. Italy has benefited from a few very good vintages beginning with 2010 and increasingly 2011 in Barolo, 2010 Brunello, and the recently released 2012 Super Tuscans have really done well. Spain continues to be an ever-satisfying source of great wine at really reasonable prices – helped of course by the relatively friendly euro rate – and we have a growing fan base who are now exploring out of Rioja into Priorat and Bierzo. Spirits is one of our major success stories; we have certainly discovered our clients have a penchant not only for great whisky and Cognac, but the best vodkas, gins and more.

What has fallen out of favour in the past 12 months and why?

Champagne has been a bit of a challenge; after a long period with no new releases, we suddenly had rather a lot this year and buyers have been a bit overloaded with choice. Also a rather more challenging vintage release from the Rhône has slowed things down a little. It’s not so much a question of ‘favour’ or trends: more a question of timing – what is the right thing to buy right now?

Have you noticed any new sources of demand in the last year?

The US remains positive for us, along with good growth in Singapore, Indonesia and Taiwan. We’ve also had new buyers come in from across Europe, from Ireland to Lithuania and Belgium – a nice broad spectrum.

Has Burgundy peaked or is there still more demand than supply?

It doesn’t seem to have done. Prices at the very top, for some DRCs for example, have softened slightly but overall demand continues to be significant and competition for the top wines from the best growers is intense.

How important is en primeur Bordeaux to your business today and how important will a great 2015 vintage be for you?

The past few years have taught us not to rely on primeurs at all; at best, it’s a helpful boost to sales, but at worst, it’s an expensive distraction. Of course, we would love 2015 to be as good as some people are saying as it always creates a buzz, especially among those who may not have been buyers in the 2009 and 2010 vintages; in truth it’s all about the price and we can only hope that the Bordelais will be sensible and share their good fortune with drinkers and collectors.

Are your sales for the past year up on 2014?

Sales are flat – in our view, primarily because the market is still in recovery. We have no shortage of clients looking to take on big trades – in fact, we have more ‘category A’ customers than last year. We simply have to wait for that confidence to trickle down into the market and for a few more months of stability.

Finally, what do you think will do well in 2016?

Bordeaux will continue to grow – assuming the 2015 primeur campaign is sensibly handled – and Italy and Spain will continue to generate headlines. It will also be very interesting to see how the cooler climate wines from Australia and New Zealand fare; but even more interesting for us will be watching how Chile and Argentina develop as there is without doubt some enormous potential for super-premium winemaking here.

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which tracks the daily price movement of the Bordeaux first growths, has fallen 25% over the same period.

FOCUS ON VALUE

"Bordeaux needs to understand that if it doesn't release at a price that makes sense, people can go elsewhere for perfectly good wine," Gibbs says. "Bordeaux is not competing against itself, but the rest of the world." Similarly, he notes that the Italy 100 (the five 'Super Tuscans' and five other leading Italian producers) has increased by 20% since 2010 – "and in a market that is, in theory at least, weak".

Such growth proves that buyers are no longer simply chasing the big Bordeaux brands, but looking for value. "2010 Barolos were some of the best ever produced and they are relatively good value compared to Bordeaux," Gibbs adds, "and super-good value relative to California or Burgundy; and in Italy, the volumes are good: with Super Tuscans such as Sassicaia or Tignanello, everyone can play."

Nevertheless, as suggested above, first growth claret is no longer looking outrageously expensive. "The first

'The first growths are down 25% over the last five years, but they are down nearly 40% from their peak – they are starting to look interesting'

Fine wine trends: the merchants' view



TOM STOPFORD SACKVILLE, MANAGING DIRECTOR, GOEDHUIS & CO

Has Burgundy peaked or is there still more demand than supply?

You can argue that Burgundy prices have peaked and have reached a plateau, but I'd be keen to stress that there's still huge demand for Burgundy across the board, so long as prices aren't stupid. DRC still sells, top Burgs still sell, but not when massively overpriced – when it's priced correctly.

How important is en primeur Bordeaux to your business today and how important will a great 2015 vintage be for you?

En primeur remains an important part of our business but not the foundation. A well-priced, high-quality 2015 vintage would be fantastic as there would be demand. So we are halfway there.

How do you know there would be demand?

I think a great en primeur vintage will always sell if well-priced – plenty of new young collectors coming to the market, perhaps others buying for the next generation. I have lots of young wine in my cellar but I would still buy 2015 if I thought the prices were good. We had a pretty successful 2014 campaign in the end, which suggests demand for young wine is not completely dead yet.

Are your sales for the past year up on 2014 and if so, why?

They are up due to a more successful Bordeaux 2014 en primeur campaign.



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Top 10: trade share by value	
Brand	LX value
1 Lafite-Rothschild	10.17%
2 Mouton Rothschild	9.77%
3 Latour	4.53%
4 Margaux	4.48%
5 Haut Brion	4.37%
6 Sassicaia	3.51%
7 Cos d'Estournel	3.07%
8 Mission Haut Brion	3.01%
9 Cheval Blanc	2.96%
10 Pontet-Canet	2.73%

Top 10: trade share by volume	
Brand	LX qty
1 Sassicaia	8.71%
2 Pontet-Canet	4.06%
3 Mouton Rothschild	3.96%
4 Cos d'Estournel	3.84%
5 Lafite Rothschild	3.59%
6 Lynch-Bages	3.48%
7 Montrose	3.15%
8 Léoville Poyferré	2.27%
9 Margaux	2.23%
10 Duhart-Milon	2.15%

Top 10: average trade price per case	
Brand	Price
1 Petrus	£17,951
2 Screaming Eagle	£17,592
3 DRC	£15,583
4 Le Pin	£14,676
5 Ausone	£5,966
6 Lafleur	£5,342
7 Armand Rousseau	£4,569
8 Scarecrow	£4,428
9 Masseto	£4,276
10 Cheval Blanc	£3,910

growths are down 25% over the last five years, but they are down nearly 40% from their peak – they are starting to look interesting.” In contrast, the Burgundy 150, which comprises 15 leading white and red Burgundy brands, including six Domaine de la Romanée-Conti (DRC) labels, is up 40% over the past five years. Comparing that rise to the First Growth price fall, Gibbs suggests that the best of Burgundy is now looking topky.

“It’s all about relative values,” he says. “If you assume that you have the same pot of money assigned to wine every year, then Bordeaux looks much better now than in 2010 when people were asking for £10,000 per case for Lafite on release.”

This same argument explains the new stars at the top of the table this year: Mouton Rothschild and Haut-Brion. “In the top 10 we now have Mouton at number one, Haut-Brion at two and Margaux at six, whereas Lafite is at 11 and Latour at 13, and again this is about relative prices.”

To illustrate this, Gibbs says one must look at the results according to “price performance” – the change in price over the past 12 months. “Haut-Brion and Mouton are up 3.5% and 4.5% respectively,” he says. “Margaux is basically flat, Lafite is down 3.5% and Latour is down 3.8%, and that’s because

Fine wine buyer trends by source country

What countries are driving the market for fine wine at the moment? According to Liv-ex director Justin Gibbs, the main source of trade is the UK, but North America does appear to be an increasing source.

“The US seems to be growing, although it’s not back to the levels we saw in the 90s, when it was around 20-25% of turnover. Throughout the 2000s, for Liv-ex, the US was never more than 2-3% of sales. Now the US is 8% and that is direct, although the merchants in the UK will be sending wine to the US.” He also points out that the US is starting to buy more Bordeaux, whereas demand from this market used to centre on high-scoring brands from the Rhône and Italy, as well as, of course, California.

“The US was a huge buyer of fine wine in the 80s and 90s,” Gibbs says, “then it became a net seller in the 2000s, when the US stopped buying Bordeaux. Now the US is looking at the relative value of Bordeaux because the cost of Cabernet from California is a lot more than a very strong name from Bordeaux.” Indeed, both Screaming Eagle and Scarecrow ‘cult’ Napa Cabs feature in the top 10 most expensive wines traded on Liv-ex in the past year (see table above).

Goedhuis MD Tom Stopford Sackville also observes a rise in fine wine demand from the US: “The US has certainly been more active; I’d put it more down to a case of the prices being right on certain wines and currency-rates working in their favour, rather than an resurgence in the American market.”

Overall, Liv-ex demand is split as follows: UK merchants account for 50% of trade, European merchants 30%, Asia is 12% and the US is 8%. At its peak, Asia had a 20% share of trade, according to Gibbs.

‘If you assume that you have the same pot of money assigned to wine every year, then Bordeaux looks much better now than in 2010 when people were asking for £10,000 per case for Lafite on release’

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these [latter two] first growths are the most expensive and the others are the cheapest." But what about wine quality? This helps explain the rise of Haut-Brion in particular, up from fifth place last year to second in this year's survey.

HOT ON HAUT BRION

"Haut Brion and Latour have the joint highest average scores across the 10 most recent physical vintages," Gibbs says. "However, a case of Latour is £4,997 and a case of Haut-Brion is £3,421. Of the four great vintages of the 2000s: 2000, 2005, 2009 and 2010, Haut-Brion's average score from Robert Parker is 99.75 – it is the first growth producing the best wine now and yet it's the cheapest you can buy."

He adds: "Lafite and Latour are about brand power, but the other three first growths are being driven by value: buyers are thinking, where is the value in the market? That's coming to play in the first growths, which is why Mouton, Haut-Brion and Margaux are ranked higher than Lafite and Latour."

Gibbs also singles out La Mission Haut-Brion – Haut-Brion's neighbour in Pessac-Léognan – as a further brand to watch. "Mission has been a big climber because it scored 11th in volume and value traded." And that's because "Mission Haut-Brion has more 100 points from Parker than any other first growths in history of time; it is a wine that dances with the firsts, and people are trading the brand Mission Haut-Brion because it is so closely associated with Haut-Brion".

Summing up on this subject, he states: "Haut-Brion really was the most unloved of the first growths and suddenly that seems to be changing... Mission is benefitting from that too." Indeed, he says about Pessac-Léognan: "There is something about that little corner of Bordeaux that is

Fine wine trends: the merchants' view



GILES BURKE-GAFFNEY, BUYING DIRECTOR, JUSTERINI & BROOKS

What's in demand?

Italian wines have been strong throughout the year. Barolo and Barbarescos, Super Tuscans, Brunello 2010s (Voerzio, Scavino, G Mascarello, G Conterno, Roagna, Sassicaia, Ornellaia, Duemani, Le Ragnaie, Quintarelli.) Quality is better than ever and customers continue to diversify. Bordeaux has picked up, the market is gently creeping up again after years of decline and with 2014 we had a successful en primeur campaign, although it was always going to be better than the very poor 2013. Germany continues to rise every year – both Riesling and, a more recent phenomenon, Spätburgunder.

What's falling out of favour?

There is still a very loyal following for the Rhône throughout the year for drinking wines, but en primeur sales have dropped largely because of the (highly underrated) 2013 vintage. Also there has been a glut of good Rhône vintages in the last decade so people's cellars are fairly full.

Is Bordeaux coming back and if so, which châteaux are benefitting?

Apart from the obvious ones – first growths, Lafleur and Pétrus – the others that worked well for us in 2014 were Calon Segur, Pichon Lalande and Lynch-Bages. In terms of general sales, there is a real move to quality, value, drinking wines from Bordeaux with a bit of age on them, although they are not easy to find. Thankfully people are starting to talk about drinking and enjoying Bordeaux again rather than purely price and investment – which is how it should be!

How important is en primeur Bordeaux to your business today and how important will a great 2015 vintage be for you?

After a poor campaign last year we got what we hoped for with 2014: much better sales than 2013; on a par with 2012. Burgundy is still our number one region but there are the early signs of Bordeaux fighting back. 2015 looks like a cracking vintage, so it all looks very positive for Bordeaux next year, as long as the boom-and-bust of 2009/2010 can be avoided. People are saying lessons have been learned – let's hope this is true.

Are your sales for the past year up on 2014?

Sales were up a little on last year and we benefitted from the positive change in exchange rate. This is thanks to Burgundy 2013 en primeur which was very strong, and also actually having a Bordeaux en primeur campaign helped a lot, too. Another big plus for us was also strong growth in our fine-dining and restaurant sales.

Finally, what do you think will do well in 2016?

Burgundy 2014. And we have high hopes for Bordeaux 2015. It should be the year Bordeaux officially 'came back'.

'Haut-Brion really was the most unloved of the first growths and suddenly that seems to be changing... and Mission is benefitting from that too'

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Top 10: Unique vintages traded

Brand	Number
1 DRC	66
2 Guigal	52
3 Margaux	50
4 Haut Brion	45
5 Domaine Leflaive	45
6 Lafite Rothschild	43
7 Latour	43
8 Mouton Rothschild	40
9 Sylvain Cathiard	36
10 Armand Rousseau	28

Top 10: Price performance

Brand	Change
1 Scarecrow	19.88%
2 Screaming Eagle	15.14%
3 Larcis Ducasse	13.59%
4 Sylvain Cathiard	11.39%
5 Coche-Dury	10.61%
6 Bonneau-Martray	9.66%
7 Domaine Leflaive	8.54%
8 Hudelot-Noëllat	8.19%
9 Petrolo	8.17%
10 Angelus	7.62%

Liv-ex Power 100: Methodology

To calculate the scores, we took a list of all wines that traded on Liv-ex in the last year (1 September 2014 to 31 August 2015) and grouped these by brand. We then identified brands that had traded at least three wines or vintages, and had a total trade value of at least £10,000.

Brands were ranked using four criteria: year-on-year price performance (based on the market price for a case of wine on 1 September 2014 with its market price on 31 August 2015), trading performance on Liv-ex (by value and volume), number of wines and vintages traded, and average price of the wines in a brand.

Over 3,000 different wines/vintages were traded. These were grouped into 265 brands, of which 166 qualified for the final calculation. The individual rankings were 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 1,760 unique wines/vintages traded in the past year – an increase of 219 on last year's ranking.

CHANGES TO THIS YEAR'S CALCULATIONS:

The main change is that we removed scores from this year's calculations. With so many wines trading – and from a wide variety of regions – it was becoming impossible to include scores on a like-for-like basis, and the number of critics we had to include was increasing. To keep the objectivity of the ranking we decided to remove them.

Secondly, we introduced a new criterion for a wine to qualify. In addition to the rule that a brand must have traded a minimum of three wines or vintages, it needed a total trade value of £10,000. This was to combat an issue where a brand was doing very well in terms of performance but for example only three vintages had traded for a total value of less than £10,000.

worth drawing attention to – the market's eye is turning towards it."

Further support for this trend is Gibbs' selection of Pessac's Château Haut-Bailly as another brand to watch. Describing it as a "rising star", he records that it was this year's 15th best in terms of price performance, up 6.8%.

'It is the traditional, crusty old clarets that are performing, and the best of them is Haut-Bailly'

PESSAC'S RISING STAR

"The merchants love Haut-Bailly; it is making better and better wine," he says. Indeed, Gibbs says that the Liv-ex Left Bank 200, which comprises 20 properties, including Haut-Bailly, Beychevelle, Pichon-Baron and Lalande, Mission Haut-Brion, along with Pontet Canet and Lynch-Bages, among others, is doing well.

"It is the traditional, crusty old clarets that are performing, and the best of them is Haut-Bailly, and the third best is Mission Haut-Brion" – although second best is Beychevelle, which is from Saint-Julien.

Another development from last year's report is a love affair with Burgundy.

"We are seeing wide global demand for the biggest names: Rousseau, Roumier, Mugnier, etc," Boom says, Staples observes the same trend and says that it's "virtually

impossible" to get hold of Dujac, Coche, Rousseau, Mugnier, Roumier, Roulot or Leroy. "The next tier down struggles a little, however I still see the top 30 red [Burgundy] estates as almost the last bastion in wine investment," he states.

Hartley also identifies the concentrated nature of the demand for Burgundy: "Interestingly, outside of the top chichi producers, Burgundy is not the golden child that you simply can't get enough of. So if it's not Rousseau or the like then it still needs selling, you still need to talk to people and get them to taste it, just like anything else."

As for DRC, Staples says it "seems to be continually reselling", while Hartley notes: "DRC's primary market is very healthy and the domaine keeps the release price at a point where there is a reason to buy it –

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it's sold at a discount relative to secondary market prices. But the secondary market has not seen much increase in the past year – and our customers have become considerably more picky about what they buy: we are finding it increasingly difficult to sell wines that don't have provenance."

Gibbs then records: "DRC is always near the top because of the huge number of wines traded and the high average price." Nevertheless, like last year, Gibbs warns, "Nothing goes up for ever – there is always a limit for what people will pay for things: Romanée-Conti sells for around £8,000 a bottle; off-vintages are £81,000 a

onto the market – probably because of the price: it has risen 10.5% in a flat market, so people think I can sell that. Similarly, Cathiard is up 11.4%."

DEMAND FROM ASIA

Overall, like Bordeaux first growths five years ago, the top Burgundy brands are being driven upwards in price by Asian demand, "These are really strong brands that resonate in Asia," states Gibbs.

Nevertheless, if one looks at the value share of trade by region, Burgundy has fallen from second place behind Bordeaux to fourth behind Italy and Champagne.

"Italy is now number two and Champagne three, so Burgundy has fallen back, and that [decline] is probably reflective of the relative value and the volumes available."

It's also because Champagne has been a major part of Liv-ex trade in August and September due to a plethora of new releases: "We had a new record in the last two months, when Champagne reached 10% of

our trade," says Gibbs.

Italy, as mentioned above, benefits from the search for value and the large volumes of wine produced. "In terms of volume traded, Sassicaia is number one. It produces around 15,000 cases – it is the only brand to puncture brand Bordeaux in volume." And Gibbs stresses: "You can find strong scores to support Italy as a region; the merchants have given Piedmont 2010 a push and Tuscany has enjoyed a series of good vintages.

"Because of bad Bordeaux vintages released at the wrong prices, the merchants went off looking for other stories, and there was some ready-made brands in Italy like Sassicaia."

Nevertheless, as we draw a close to 2015, the figures do suggest it's the start of a Bordeaux turnaround and that, along with the continued broadening of fine wine demand, is the strongest story of

'Italy is now number two and Champagne three, so Burgundy has fallen back, and that decline is probably reflective of the relative value and the volumes available'

case and on-vintages £96,000, and the next stop is £20,400 case for top Comtes de Vogüé... DRC has its own world."

He continues: "I don't think there is a supply problem with DRC. A lot of people who get allocations may not be allowed to sell it for three to four years, but as the price goes up they can't afford to drink it and wouldn't dare sell it either, so there are building amounts of DRC in the world."

Gibbs also believes, like Lafite versus the other first growths, there is a point for DRC "when relative values have to come into play... Already the price differential is getting smaller and smaller. Since June 2009, Cathiard's Romanée St-Vivant has gone up four times in price and DRC hasn't moved – so there is a bit of a rollover to the second-liners." He also points out that Coche-Dury is this year's highest new entry: "It has entered our ecosystem because more has found its way



2015. "There is interesting potential with Bordeaux generally," says Gibbs.

"It's so uncool, it has underperformed so spectacularly, that now we are seeing a small rising and clearly, when we look at trade value, it is dominated by Bordeaux – of the top 20 brands by volume traded, only three wines are non-Bordeaux. That tells you brand Bordeaux is a punchy place because it is produced in big volumes and it is still a great wine."

Nevertheless, much depends on next year's release – there's still a danger that en primeur pricing could reverse this positive trend, not accelerate the recovery. And there lies the risk with backing brand Bordeaux.

No wonder collectors are diversifying into different brands from other fine wine regions, and when it comes to Bordeaux, buying little, if often. db