EUROTRADE

BUSINESS SERVICES Ltd.

Newsletter Spain – June 2024

As mentioned in our last two market reports, repossessions in Spain are generally proceeding at a good pace and sales have stabilised. Producers and winegrowers are generally very satisfied with the results achieved since August 2023, thanks in particular to the price which has allowed them to develop a profitable business activity by paying a higher rent to winegrowers this year, thus compensating for the last few years in which the production costs were well above cost prices. Right now, at this time of year, we all start planning for the future harvest, and one thing is for sure: no two campaigns are the same!

In Spain, we have a very low stock of white wine so far, which confirms the sensations at the beginning of the campaigns. As announced in our previous reports, we must remain in stock until the end of October 2024, then we should begin to find available quantities from the new 2024 harvest. This encourages the maintenance of the high price or even a slight price increase, since this must make it possible to meet the needs and active demand of the operators, who must continue to make purchases in order to condition and supply their markets until the end of the year until the availability of wines from the new harvest.

Conversely, as in recent years, red wine is not following the same trend. However, the price of red wine has not collapsed and we note that the price has not been subject to significant fluctuations during this campaign and is currently remaining stable.

The new 2024 harvest does not look bad at the moment, the rainfall factor, undoubtedly the most important, makes us very optimistic so far. After several years of severe droughts, central Spain has been benefiting from some significant rainfall episodes for several weeks.

If everything goes without exceptional phenomena until the harvest, we could have a good 2024 harvest in Spain. This would obviously translate into lower prices than this last season. Of course, this is not yet definitive, since everything depends on the harvest in Italy. In summary, in the south of Italy there will be small quantities, while in the north (which has a great influence on the price of white wine) there will be serious doubts about the quality of the grapes, since the heavy rainfall does not allow adequate treatments. This will have a direct impact on Spanish wine prices, depending on the real needs that Italy will have to import from Spain, mainly sulphurized must and/or white wine.

These findings apply to central Spain. In Spain, the growing regions around the Mediterranean have suffered from severe rainfall shortages and the situation will be worrying for the regions of Catalonia, Valencia, Murcia and Manchuela. These are the regions where mainly high intensity red wine and also Moscatel Alexandria (which is in high demand on the Italian market) are produced. We must therefore closely monitor developments in the vineyard in the coming weeks because if this does not change, the situation for Moscatel could become very difficult and availability of Moscatel Petit Grain de La Mancha could decrease.

For deliveries of new wines, whose price is certainly lower than current prices, one must wait at least until the end of October/beginning of November and it may take a while for the price to drop. Until then, commercial activities must be developed according to the prices for the 2023 harvest.

Now it remains to be seen what different strategies private and cooperative wineries will pursue.

- Will they produce more rosé given that the demand for red wine will not be as high?
- Or will they start producing Blanc de Noir more for industrial use?
- Will they produce more volumes of sulphurized must than last year to avoid a sharp increase in the MCR price?
- What will be the strategy for white wine production in terms of the ratio of traditional fermentation (F/T - entry level) and controlled fermentation (F/C - premium)?

We will therefore have to see from September 2024 onwards what production conditions will enable us to further develop our business.

GUIDELINE PRICES CROP 2023 FOR SPANISH WINES

PRICES EXW WINERY SUBJECT OF SALES WINE WITH ORIGIN SPAIN – WITHOUT VARIETAL INDICATION ON THE DOCUMENTS

TABLE WINE	BASE WINE FOR SPARKLING 10% F/C TA MIN 6	11% F/T Traditionally fermented	12% F/T Traditionally fermented	11% F/C Controlled fermentation	12% F/C Controlled fermentation	TREND
WHITE WINE	55,00 €/HL (€ 5,50 hº)	53,90 €/HL (€ 4,90 hº)	58,80 €/HL (€ 4,90 hº)	55,00 €/HL (€ 5,00 hº)	60,00 €/HL (€ 5,00 hº)	=
ROSÉ WINE	51,00 €/HL (€ 5,10 hº)	Not available -	Not available -	47,30 €/HL (€ 4,30 hº)	51,60 €/HL (€ 4,30 hº)	=

TABLE WINE	Red Wine 11% IC 5 MIN	Red Wine 12% IC 7 MIN	Red Wine 13% IC 8/9 MIN	TREND
RED WINE	35,20 €/HL (€ 3,20 hº)	38,40 €/HL (€ 3,20 hº)	42,90 €/HL (€ 3,30 hº)	↘

VARIETAL WINES 100% WITH VARIETAL DESCRIPTION AND CROP INDICATION ON THE DAe

White Wine Varietal 100% * crop 2023		€ Indicatif 12%	TREND
WHITE WINE AIREN	5,20 €/hgd	€ 62,40/HL	=
WHITE WINE MACABEO	5,20 €/hgd	€ 62,40/HL	=
WHITE WINE VERDEJO	N/A	N/A	↗
WHITE WINE MOSCATEL	5,70 €/hgd	€ 68,40/HL	=
WHITE WINE SAUV. BLANC	5,80 €/hgd	€ 69,60/HL	=
WHITE WINE CHARDONNAY	5,80 €/hgd	€ 69,60/HL	=
Rosé Wine Varietal 100% * Crop 2023		€ Indicatif 12%	TREND
ROSE TEMPRANILLO	5,00 €/hgd	€ 60,00/HL	=
ROSE GARNACHA	5,00 €/hgd	€ 60,00/HL	=
ROSE BOBAL	5,00 €/hgd	€ 60,00/HL	=
Red Wine Varietal 100% * Crop 2023		€ Indicatif 12%	TREND
RED WINE TEMPRANILLO	3,60 €/hgd	€ 43,20/HL	=
RED WINE SYRAH	3,90 €/hgd	€ 46,80/HL	=
RED WINE CABERNET SAUV.	4,20 €/hgd	€ 50,40/HL	=
RED WINE MERLOT	4,70 €/hgd	€ 56,40/HL	=

Concentrate / rectified grape must concentrate 65 Brix – on the base of must prices crop 2023

INDICATIVE PRICE SUBJECT TO CONFIRMATION * PER TANK TRUCK / FLEXITANK EXW Spain.

100% VITISVINIFERA	PRICE KG	PRICE HL	PRICE % PA	TREND
Rectified grape must concentrate 65 BRIX * MCR	EUROS 1,80	EUROS 238,46	EUROS 4,56	↗
White grape must concentrate 65 BRIX	EUROS 1,70	EUROS 225,30	EUROS 4,32	↗

For the next crop 2024 in Spain …

METEO Ciudad Real -- Servicio meteorológico y climatológico online de Ciudad Real - Valores

Up to today – * 11/06/24

Rainfalls	Rain in Litres in Autumn September October November	Rain in litres in Winter December January February	Rain in Litres in Spring March April May	Rain in Litres in Summer June July August	Total Rain in Lts	Total production Mio/HLS Region La Mancha
2023/2024	167,8	138,00	134,40	14,20*	454,40*	crop 2024 = ¿24,00?
2022/2023	54,1	138,2	60,4	58,8	311,5	crop 2023 = 17,00
2021/2022	142,2	107,4	20,2	24	293,8	crop 2022 = 20,00
2020/2021	124,2	124,8	94,2	40,8	384	crop 2021 = 21,00
2019/2020	137,4	72,6	161,8	6,8	378,6	crop 2020 = 22,00
2018/2019	128,6	26,2	78,4	6,4	239,6	crop 2019 = 19,00
2017/2018	61,6	113,8	264,8	16,6	456,8	crop 2018 = 29,08
2016/2017	165	102,8	108,4	31	407,2	crop 2017 = 19,45
2015/2016	87,8	56,8	174,2	2,2	321	crop 2016 = 24,42
2014/2015	159,4	64,8	77,6	35,2	337	crop 2015 = 22,94
2013/2014	139,6	237,4	54,8	14,4	446,2	crop 2014 = 25,12
2012/2013	299,4	129,6	256,2	11,8	697	crop 2013 = 33,03
2011/2012	89	26,6	121,4	10,8	247,8	crop 2012 = 19,00
2010/2011	147,6	243,2	130,6	2,4	523,8	crop 2011 = 18,90
2009/2010	42,8	391,8	98,2	49,1	581,9	crop 2010 = 21,60
2008/2009	129,4	67,3	71,8	32	300,5	crop 2009 = 20,00
2007/2008	¿… ?	¿… ?	¿… ?	¿… ?	602	crop 2008 = 23,10

For any information or commercial management, do not hesitate to contact us.

June 2024