



Fine Wine Market Decode: April

Market Sentiment: Enquiries to Sell

- Enquiries to sell totaling:
£1,691,698
- Number of clients looking to sell decreases marginally by 3%
- Global economic slowdown amidst trade tensions still worries investors

As EU leaders give Britain six months to sort out its departure from the 28-member bloc, the reprieve offers no clarity on when, how, or even if Brexit will happen.

As the knock-on effects of Brexit ripple around the world, they continue to in the fine wine market. Awaiting clarity, prices continue to fall.

At JF Tobias, we expect this trend to continue into the summer, as the reprieve essentially confirms a confirmed timeline of uncertainty in Brexit, amidst no clarity of resolution to the Sino-

US trade talks. The marginal decrease in enquiries to sell not representing any real shift in optimism amongst investors.

The biggest current risk remains Sterling appreciating significantly, with this dependent on decisive signs of progress, and whether the PM can reach an agreement with Labour on a unified approach.

Any significant appreciation would place further downward pressure on wine prices, as stock becomes more expensive to overseas markets.

Despite this, underlying market fundamentals remain positive. Increasingly democratised, with interest moving away from Bordeaux and Burgundy to undervalued regions such as Italy, now is a good time to enter the market, to hold for the medium to long-term.

However, for those looking to exit in the short-term, investors see too little short-term upside for strong downside potential over the coming months, and are looking to exit or reduce exposure to fine wine in their portfolios.

Overall, this short-term reprieve does not represent strong short-term optimism.



Market Sentiment: Sales

- UK sale share increases to 29%
- En Primeur steals focus from secondary market
- HK sale share recedes 14%, US recedes 4%

Trade continues to be sluggish, amidst falling prices led lower by Burgundy and Bordeaux. Increasingly, price-sensitive buyers are looking at undervalued regions and vintages.

Merchants continue to consolidate stock, as owned-stock positions continue to risk overexposure to a falling market. Tightening financial conditions have meant this concern has plagued merchants and investors alike.

Despite Chinese exports rising 14% year-on-year in March, in a sign the government’s fiscal stimulus is finally biting, uncertainty remains over the amount of concrete progress made in the trade war.

This could be lessened in the coming weeks, on the back of news that the US and China are close to the concluding round of issues, and have agreed to the monitoring and enforcement of trade pledges; a major stumbling block thus far in negotiations.

Both HK and US sale share receded last month, 14% and 4% respectively, although this was largely due to attention turning towards En Primeur. Sale share was instead picked up by the UK, making up for several months that have been well below average.

Mouton Holds its Own

With Mouton Rothschild 2016 receiving 100-point scores from James Suckling, Neal Martin, and Antonio Galloni, there has been renewed interest in back vintages over the last few weeks.

Perceived as a better value First Growth, compared to Latour or Margaux, Mouton continues to be easily tradeable despite difficult conditions; although not immune to a fall in price.

Currency Corner: FX Decoded

In the global fine wine market, relative currency strengths play a big part in performance.

Red swatches show those currencies that have gained in value against the base currency; blue those that have fallen lower in value.

