

## Liv-ex Fine Wine Market Blog

### The insiders' guide to the global fine wine market

**28 August 2009**

#### Bordeaux 2009 - the hype begins

A matter of weeks after the 2008 Bordeaux en primeur campaign has come to its end, the fine wine trade's attention has switched attention to the next vintage. And with the weather in Bordeaux having been excellent so far in 2009, the hype is already beginning to build.

Decanter carried a story earlier this week, provocatively titled "[Could 2009 be the next 2005?](#)", which quotes a number of proprietors claiming that the season so far has been the best since the fabled 2005.

Journalist Jane Anson has been following the vintage via series of videos filmed at the First Growths. The Lafite video can be viewed [here](#), and Latour's [here](#). Both are generally positive.

Robert Parker's bulletin board also carries [a thread](#) featuring some interesting comments (and some less so) from contributors who have recently travelled to the region.

Furthermore, anecdotally we have heard from our friends and clients in the regions that the vintage so far has been very encouraging, regarding both its size and quality.

Of course, it is September's weather that will decide if the vintage is an excellent one, rather than merely good. But what would a large vintage of high quality wine mean for next year's campaign, and the market as a whole?

En primeur prices, of course, would surely rise. Particularly from those chateaux that came out early and low this year and were somewhat caught out by the scores of Robert Parker and the eventual market appetite - a group that includes all of the the Firsts. A bumper 2009 will surely be the final nail in the coffin for the 2007 vintage, which will appear as an island of the mediocre surrounded by an ocean of quality. And with the 2008 vintage being rated so highly by Parker, where does he go from here?

Expect news stories featuring notable UK merchants pleading for "calm, rational" pricing from the Bordelais to start appearing in a month or two.

Posted at 01:21 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**24 August 2009**

#### Bloomberg on the "Lafite effect"

Kevin Hassett - director of economic-policy studies at the American Enterprise Institute and a Bloomberg News columnist - tackled the "Lafite effect" in his [most recent Bloomberg article](#).

As we outlined recently on this [blog](#) and in our [August Market Report](#), the price of numerous vintages of Lafite Rothschild has soared in recent months.

In his piece Hassett asks the question: "Is the Lafite price spike yet another bubble, or are there sound fundamental reasons?"

In his conclusion, Hassett place himself firmly with the bears:

"It's a tempting bet, and a risky one. As Lafite prices have soared away from those of close substitutes, Lafite has begun to look -- especially to unsophisticated investors, and those who rely on past correlations -- like an increasingly safe investment, with steady and predictable returns. In fact, the opposite is true. The risk of Lafite prices plummeting and wiping out your investment has skyrocketed along with the price."

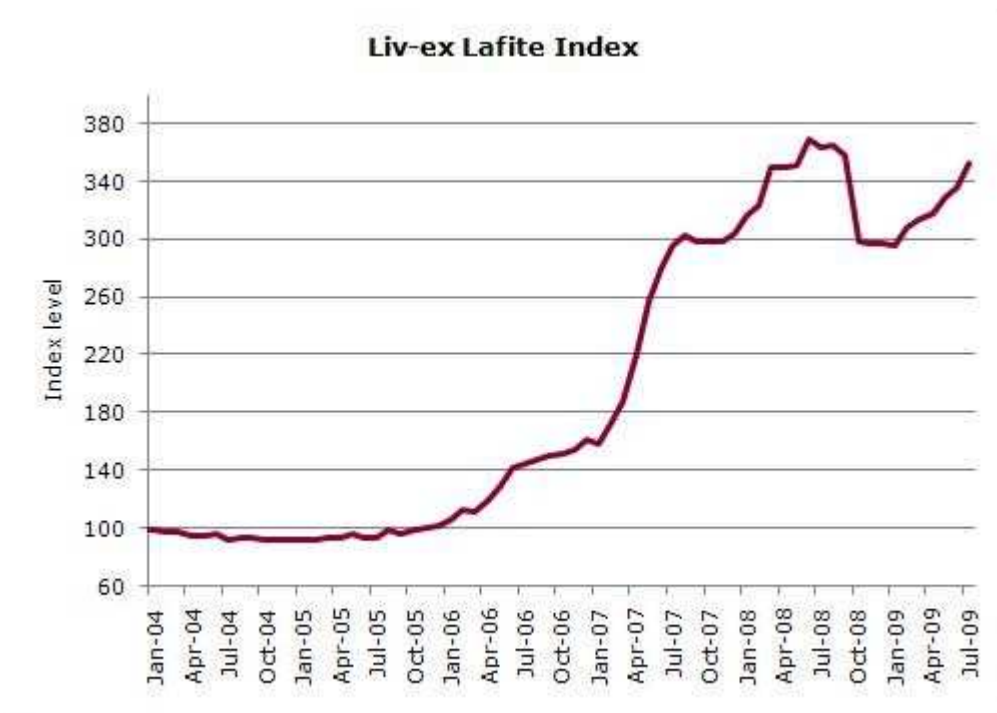
Posted at 11:49 AM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**20 August 2009**

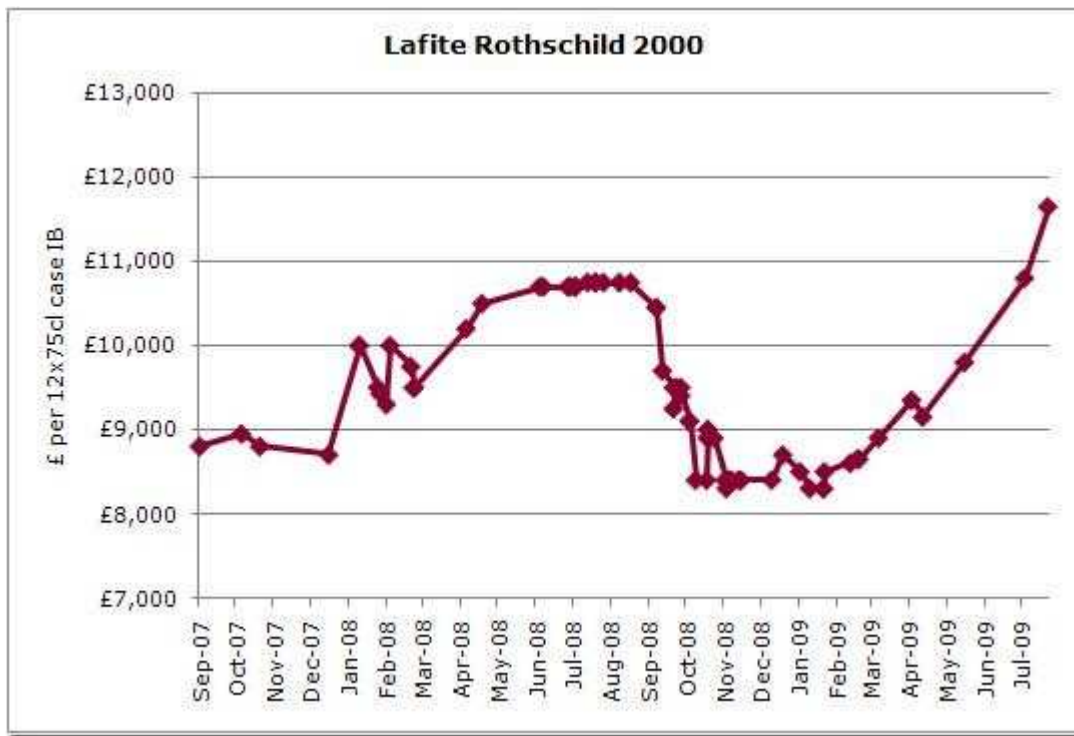
## **Lafite stirs the bulls**

In our [August Market Report](#) we took a close look at the astonishing performance of Lafite Rothschild over the last year. As we wrote in the report, "no other wine has recovered from the price slump of last autumn so quickly and completely".

To quantify this price growth we created a Liv-ex Lafite Index of recent vintages (2000 to 2006) of both Lafite Rothschild and Carruades de Lafite (see the report for full details). As you can see in the graph below, the index has performed significantly better than any of the main Liv-ex indices, finishing July almost 140 points (or 60%) higher than the Liv-ex 100 Fine Wine Index. At the end of July The Liv-ex Lafite Index was just 4.4% off its all time high.



Since the beginning of August, however, the story has continued to develop. The 2000 vintage traded for £11,650 earlier this week, almost £1,000 higher than it did at the height of the market last summer. Its two year trading history is below.



The 2001, 2002 and 2004 vintages also broke into new territory this month, all trading above £3,000 for the first time. The Liv-ex Lafite Index looks certain to move back into positive territory by month end. Lafite has woken up the bulls.

Posted at 05:56 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**14 August 2009**

## What's top Down Under?



Wine Ark, the Sydney-based wine storage facility, has released a list of [Australia's 50 "most collected wines"](#) with Penfolds Grange, predictably, taking the top spot.

The list is compiled from the stocks held by Wine Ark, which claims to store more than 3 million bottles of wine on behalf of 8,500 private clients. The "most collected" white wine was Leeuwin Art Series Chardonnay.

"We store more than 25,000 bottles of Grange in our cellars alone," said Wine Ark Managing Director Dean

Taylor. "This is a significant portion of our overall collection, which has a conservative value of around \$250 million. The most expensive wine we're currently cellaring is a 1951 Penfolds Bin 1 Grange Shiraz, worth around \$50,000."

The list highlights quite how important Penfold's is to the Australian fine wine industry, with eight different bottlings in the top 50, five of which actually make the top 10.

The top 10 according to Wine Ark are:

1. Penfolds Grange
2. Penfolds Bin 398
3. Lake's Folly Cabernet
4. Penfolds St Henri
5. Moss Wood Cabernet
6. Wynn's Cabernet
7. Cullen Diana Madeline
8. Rockford Shiraz
9. Penfolds Bin 707
10. Penfolds Bin 28

So how does this compare with the Australian wine traded on Liv-ex? The list below is worked out by adding up the total number of cases traded on Liv-ex. The figure in brackets is the wine's position on the Ark List.

Five Penfolds wines also make the top ten here (although the five are not the same). It is also interesting to note the strength of D'Arenberg, Parker Estate and Henschke, all of which have traditionally had a strong following in the UK.

1. Penfolds Grange (1)
2. D'Arenberg Dead Arm (15)
3. Henschke Hill of Grace (33)
4. Parker Estate First Growth (42)
5. Penfolds Bin 707 (9)
6. D'Arenberg Custodian Grenache (NA)
7. Penfolds Yattarna Chardonnay (NA)
8. Henschke Keyneton Estate (NA)
9. Penfolds Bin 407 (17)
10. Penfolds RWT Shiraz (18)

Posted at 04:58 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**12 August 2009**

## **Matchbet launches Liv-ex 100 betting markets**

Liv-ex has entered into a partnership with [Matchbet](#) - a new online betting market - enabling participants to place bets on the level of the [Liv-ex 100 Fine Wine Index](#) at month end (markets are currently open for a number of month-end closes, from August 2009 to March 2010).

This new initiative allows you to bet on the future direction of wine prices without taking physical delivery of the goods. It is ideal for those wishing to hedge their cellar, or simply speculate that the price of wine will go up or down, without worrying about provenance, storage or insurance costs.

Participants can either offer their bets at their own proposed odds (this is the equivalent of submitting limit orders in financial markets), or take the current market odds.

The system works by providing a number of possible base ranges for the level of the index, which can either be

'backed' (betting that it will happen) or 'layed' (betting that it will not happen). Users can also create their own price range by combining different pre-defined price bands (this is described as 'Multi-win' market, and works by a simple drag and drop mechanism). This level of interactivity is one of the unique features of the Matchbet offering.

Odds are worked out instantly and displayed to the user, as determined in response to the current book of limit orders in the system. Odds are presented as 'decimal', i.e. represent winnings plus deposit as multiple of the stake put at risk. So, an even odds bet on a given level is quoted as odds of 2.

To bet on the level of the index at the end of August, or any other month, visit [www.matchbet.com](http://www.matchbet.com). A step-by-step [online tutorial](#) is also available under the help section on Matchbet's site. You need to be registered as a user (which is easy to do on their site) to bet, but you can view the market by registering as a 'guest'.

Ben Seifert, founder of Matchbet, commented on the launch:

"All of us at Matchbet are absolutely delighted to be working with Liv-ex, whose indices are the authoritative source of information about the state of the fine wine market. We believe that Liv-ex's users will benefit from an ability to both hedge, and speculate, on Liv-ex's price indices. The market has just been launched, but already there are significant betting opportunities. I believe that the market will quickly develop into a major companion site to Liv-ex for all those seriously interested in the wine industry."

Posted at 04:13 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**11 August 2009**

## **August Market Report released**

In summary, the August Market Report includes:

- Trading Activity – Asia driving the action
- [Liv-ex 100 Fine Wine Index](#) – up 0.5% in July
- Major Movers – Bordeaux on the up
- Critical corner – Brunello di Montalcino 2004
- Final Thought – the Lafite phenomenon

[Log in](#) and find the full report under the Analysis menu.

Posted at 02:18 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**07 August 2009**

## **Bloomberg adds two Liv-ex Indices**

Liv-ex is pleased to announce that [Bloomberg](#), the world's leading financial data service, has added the [Liv-ex Fine Wine Investables Index](#) and the [Liv-ex Claret Chip Index](#) to its coverage.

Bloomberg has been carrying details of the [Liv-ex 100 Fine Wine Index](#) for the last three years.

Subscribers to the Bloomberg Professional service will now be able to look up the latest values of all three indices by using the following index codes:

Liv-ex 100 Fine Wine Index: LIVX100

Liv-ex Claret Chip: LIVXCLCH

Liv-ex Fine Wine Investables Index: LIVXFWIN

Posted at 04:07 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**04 August 2009**

## The en primeur debate

Back in May we outlined our suggestions for reforming the Bordeaux en primeur system to improve transparency and provide greater protection for buyers.

Since then our proposals have been covered by numerous media, not least the most recent issue of *Decanter* magazine. Interestingly, *Decanter* also surveyed some prominent trade members for their thoughts. An extract of the article is below.

*But will Bordeaux listen? "In theory, some of the ideas are good," said Lynch-Bages' Jean-Charles Cazes. "But compliance and policing would be stumbling blocks. En primeur isn't something you can standardise, like the stock market."*

*Paul Pontallier of Chateau Margaux was even less receptive, arguing that the current system is transparent enough. He believes that the chateaux should retain title until the wine is delivered. "It has to remain a gentleman's agreement. If you don't trust the people you are working with, you shouldn't be doing en primeur."*

*In contrast Mike Laing at UK merchant Armit welcomed Liv-ex's proposals, while recognising the hurdles. "There should be pressure to change because it would be in customers' interests."*

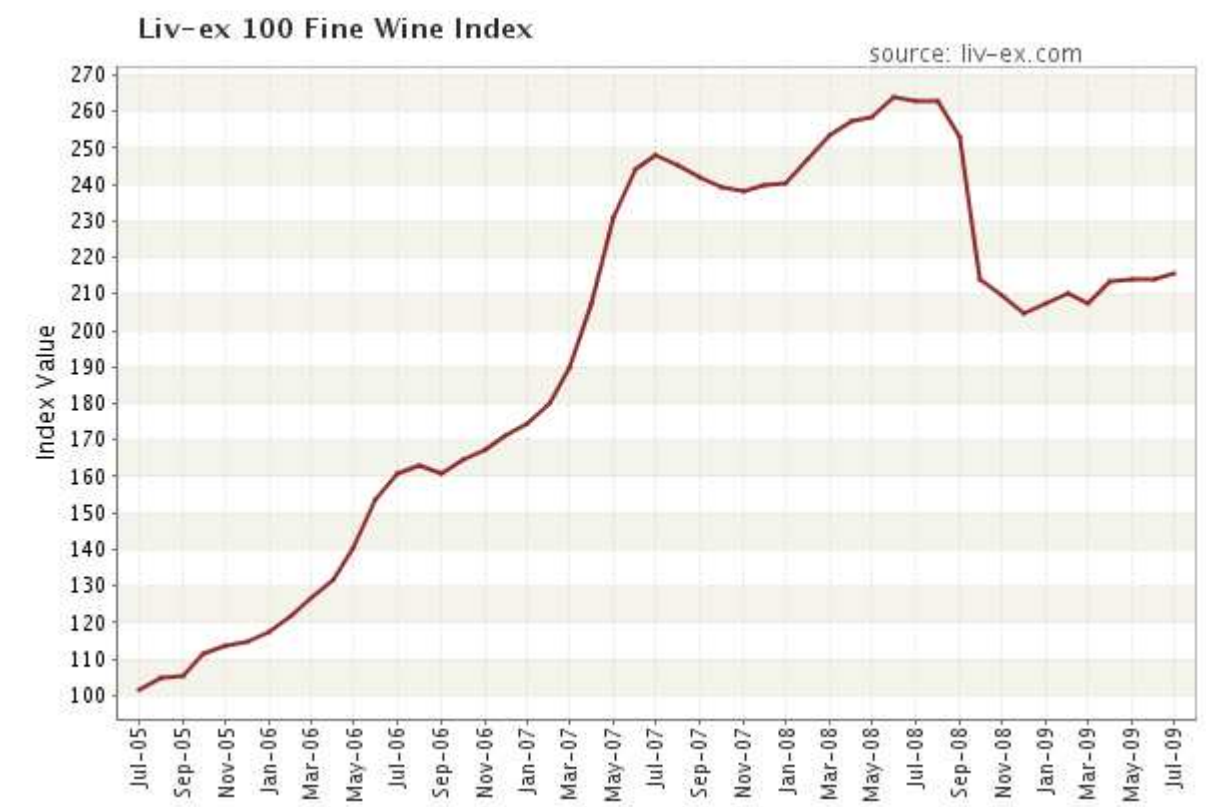
For more opinions on the subject, please check out the comments section of our original blog, including an interesting post from Hugo Rose. As we said previously, we welcome the fact that a debate has begun.

Posted at 04:16 PM | [Permalink](#) | [Comments \(1\)](#) | [TrackBack \(0\)](#)

**03 August 2009**

## Liv-ex 100 Fine Wine Index up in July

The Liv-ex 100 Fine Wine Index is the industry's leading benchmark. The value of the index as of 31st July 2009 was 215.58, a rise of 0.6% on the previous month. The index is up 5.2% year to date, and down 17.9% year on year.



The [Liv-ex Claret Chip Index](#) was up 1.5% to 242.08 in the month to 31 July 2009.

The [Liv-ex Fine Wine Investables Index](#) was up 1.2% to 212.32 in the month to 31 July 2009.

Posted at 06:14 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)

**28 July 2009**

## Latour v Pontet Canet

Latour is rightly considered one of the world's finest wine estates. James Suckling, of the *Wine Spectator*, even went as far as naming it the "greatest ever" [on his blog](#) last month: "I think of longevity and a consistent track record for great wines, and I don't think any other name comes close."

Unfortunately Latour's lofty reputation is matched only by its price tag, which even in lesser vintages comes in at well over £2,000 a case.

Those with less expansive wallets have long looked at less expensive options for their taste of top Medoc. In recent years it has arguably been [Pontet Canet](#) - the Pauillac Fifth Growth - that has been most often named as the top value pick (not least in the [Liv-ex Bordeaux En Primeur Survey](#)). Robert Parker, in particular, has been never-ending in his praise for the improvements made under the careful stewardship of the Tesseron family.

So how does the performance of Pontet Canet compare with that of Latour? It may come as some surprise to find out that (according to Robert Parker, at least) Pontet Canet has produced the marginally better wine in each of the last four vintages. The price difference, however, is not marginal: Latour usually costs between five to ten times as much, depending on vintage.

Below are the scores from Robert Parker (source: [erobertparker.com](#)) and the current cheapest merchant list price for a 12x75cl case (excluding duty and VAT) showing on [Liv-ex.com](#).

| Vintage | Pontet Canet |       | Latour |       |
|---------|--------------|-------|--------|-------|
|         | Score        | Price | Score  | Price |
| 2008    | 96-98+       | 528   | 96-98  | 2,534 |
| 2007    | 91-94        | 400   | 90-93  | 2,450 |
| 2006    | 95+          | 420   | 95     | 3,490 |
| 2005    | 96+          | 740   | 96     | 7,450 |

The track record of Latour, of course, is far superior to its upstart neighbour (indeed, prior to 2005 there is no contest) but this exercise does show the excellent value that is currently available in Bordeaux among the (previously) lesser lights.

Those on the hunt for something delicious for the cellar need look no further than Pontet Canet 2006, which looks great value at around £40 a bottle all in.

Posted at 04:55 PM | [Permalink](#) | [Comments \(0\)](#) | [TrackBack \(0\)](#)