

# Q2 REPORT

—  
2022



WINECAP



## Q2 Report | 2022

### EXECUTIVE SUMMARY

Welcome to our Q2 report, examining the trends that shaped the fine wine market over the past three months. We've taken a closer look at how inflation and the possibility of recession have impacted fine wine, the success of the 2021 Bordeaux En Primeur campaign, the top-performing regions and the most in-demand wines. Our key findings include:

- **Fine wine proved itself as a stable investment in the second quarter of the year, which was characterised by exacerbated economic pressure. Prices continued their steady ascent and even outperformed safe haven assets like gold.**
- **The best-performing wines were blue-chip labels, hinting at increased caution in the current economic situation.**
- **Bordeaux's trade share went up 3% and the 2021 Bordeaux En Primeur campaign stimulated interest in previous vintages.**
- **Wine Track, our newest tool, launched in June. It helps you track wines' price performance over any given period.**
- **Burgundy and the Rhône experienced the biggest price rises.**

### The Fine Wine Trends that Shaped the Market

Fine wine proved itself as a stable investment in the second quarter of the year, which was characterised by exacerbated economic pressure. Sharply rising labour costs, energy prices and interest rates have driven inflation higher on a global scale. The wine industry itself has felt the impact, with the cost of bottles, labels and wood up over 25%<sup>1</sup> and limited supply of materials. Meanwhile, Nomura economists suggested<sup>2</sup> that the US economy will likely fall into a recession by the end of 2022 as the Federal Reserve raises rates to tame prices.

Despite deteriorating global growth outlook, fine wine has been resisting inflation and recession<sup>3</sup> fears, due to its inherent tangibility and scarcity. Burgundian wines, in particular, delivered impressive returns this quarter. The leading fine wine indices made upward moves, although smaller than this time last year. The Fine Wine 100 index rose 0.7% for four months in a row. Its cautious rise reflected the current economic landscape and the narrowing focus of buyers. Many turned to blue-chip labels that are proven winners in an investment portfolio.

The Fine Wine 1000 index consistently outperformed the 100 index, showing that diversity is key to the market's ability to weather the deteriorating economic situation. Burgundy was the best-performing region, with prices for its top wines rising 8%. On the secondary market, it enjoyed unseen levels of demand mid-June. Typically sitting at about 25%, its weekly market share increased to over 38%.

<sup>1</sup> [Vinous.com/articles/2021-bordeaux-en-primeur-back-to-classicism-may-2022](https://www.vinous.com/articles/2021-bordeaux-en-primeur-back-to-classicism-may-2022)

<sup>2</sup> [Bloomberg.com/news/articles/2022-06-20/us-recession-this-year-is-now-more-likely-than-not-nomura-says](https://www.bloomberg.com/news/articles/2022-06-20/us-recession-this-year-is-now-more-likely-than-not-nomura-says)

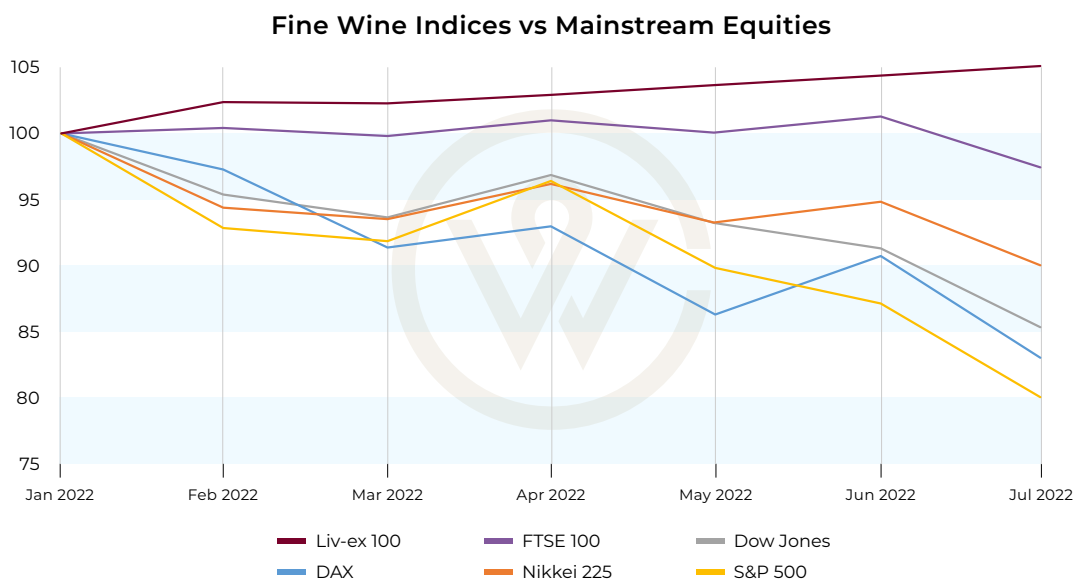
<sup>3</sup> [WineCap.com/learn/wine-investment-market](https://www.winecap.com/learn/wine-investment-market)

While Burgundy continued to break secondary market records, the prevailing theme of the quarter was Bordeaux, with the launch of its 2021 vintage. For the first time since the start of the Covid-19 pandemic, merchants and journalists returned to the region for the annual En Primeur tastings. Critic reports suggested that 2021 was better quality than expected, with excellent dry and sweet whites. Many including Jane Anson, Neal Martin, Antonio Galloni and Lisa Perrotti-Brown MW gave some of their highest scores to dry Bordeaux whites. Indeed, it was the whites that saw the biggest price increases on last year, backed up by critical acclaim and tiny volumes.

In general, the pricing of the new releases was in line with the 2020 vintage – just 1% lower on average. Some châteaux released at up to 15% discounts, while others at up to a 15% premium. But the new vintage was met with lower global demand; partly due to the irregularity of the campaign, interrupted by industry events like ProWein and London Wine Fair and the availability of older vintages like 2014 offering more value. The First Growths and their second wines, Châteaux Lafleur, Calon Ségur, Les Carmes Haut-Brion, Ausone and Cheval Blanc were among 2021’s biggest vintage successes.

The next release campaign in early September will see many more new names join La Place de Bordeaux, including a first from New Zealand – Craggy Range – and the second Champagne label, Le Clos Lanson. The third quarter will also further test the robustness of the fine wine market.

### Fine Wine Beats Inflation & Resists Recession Fears

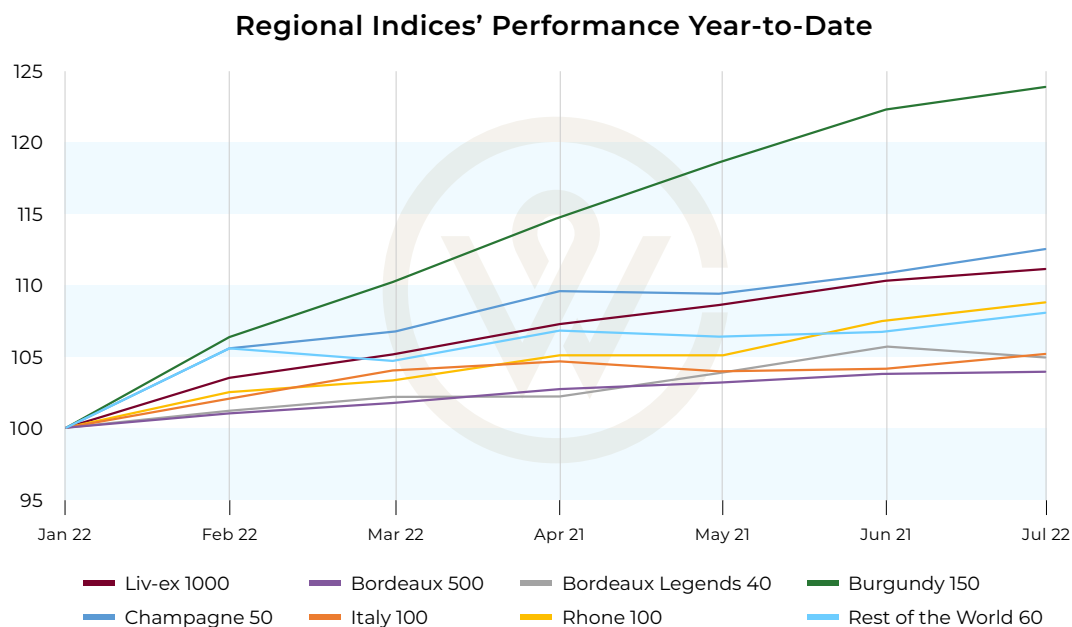


		Current value	MoM	YTD	1yr	2yr	5yr
Liv-ex Fine Wine 100		412.53	0.7%	5.1%	22.1%	37.7%	34.3%
DAX		12,813.03	-11.4%	-19.3%	-18.1%	2.3%	3.7%
DOW JONES INDUSTRIAL		31,097.26	-5.5%	-14.4%	-10.6%	20.4%	44.2%
FTSE 100		7,191.37	-5.2%	-2.6%	1.0%	16.7%	-2.5%
Nikkei 225		25,935.62	-6.6%	-9.9%	-9.9%	16.3%	31.7%
S&P 500		4,016.5	-3.9%	-15.9%	-7.7%	27.0%	65.7%

Equities and commodities experienced increased volatility in the second quarter, as stagflation worries (recession-inflation) grew. In mid-June, the Federal Reserve Board (the 'Fed') raised interest rates three-quarters of a percentage point – the biggest hike since 1994 – in a bid to combat inflation, which only exacerbated the turbulence in mainstream markets. US equities such as the DOW Jones and S&P 500 dipped into bear markets and their few sharp rallies appeared short-lived. The answer for many investors was diversification into alternative assets.

Fine wine prices continued their steady ascent and even outperformed safe haven assets like gold. The Fine Wine 100 index rose by 0.7% consistently over the past four months. However, its performance was more restrained than this time last year, revealing increased buying caution in the current environment. The best-performing wines were blue-chip labels, which attract regular demand.

### Burgundy and the Rhône Enjoy the Biggest Price Hikes in Q2



	Current Value	MoM	YTD	1yr	2yr	5yr
—●— Liv-ex Fine Wine 1000	471.65	0.8%	11.1%	25.5%	36.8%	50.3%
—●— Liv-ex Bordeaux 500	368.22	0.1%	3.9%	10.1%	18.9%	20.7%
—●— Bordeaux Legends 40	454.35	-0.7%	4.9%	12.9%	21.9%	26.9%
—●— Burgundy 150	876.55	1.3%	23.9%	50.3%	66.7%	121.1%
—●— Champagne 50	675.82	1.6%	12.5%	50.8%	68.0%	96.6%
—●— Rhône 100	248.33	1.2%	8.8%	17.3%	29.0%	34.2%
—●— Italy 100	386.23	1.0%	5.2%	16.0%	28.1%	49.1%
—●— Rest of the World 60	377.22	1.3%	8.1%	25.0%	33.7%	37.9%

The broader fine wine market made even bigger gains, largely thanks to Burgundy's top domaines. The Fine Wine 1000 index went up 3.6% this quarter, with the Burgundy 150 sub-index rising 8.1%.

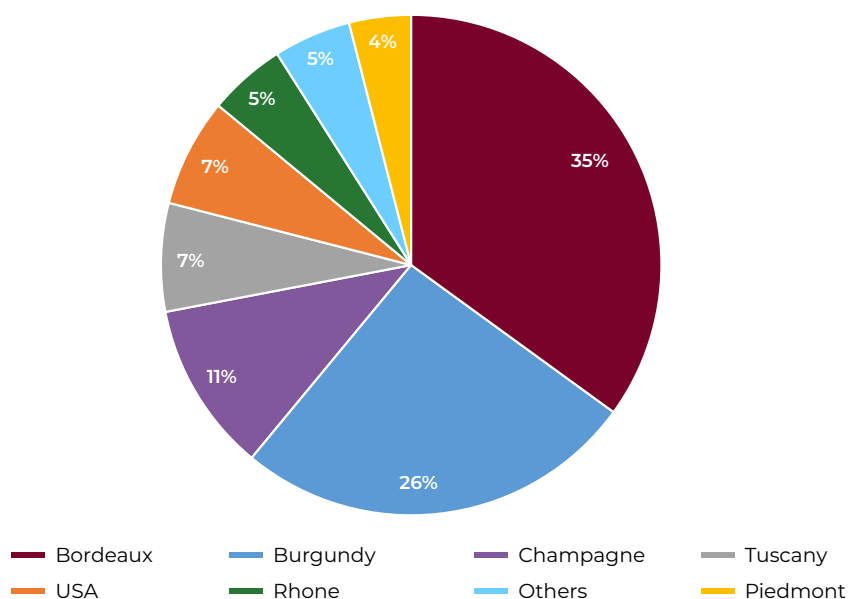
Grand Cru domaines beyond Romanée-Conti led the market such as Armand Rousseau and Leflaive. Wines from the Rhône also enjoyed price rises, with the index up 3.5% in Q2. Chapoutier's Ermitage Le Pavillon and Jean Louis Chave Hermitage were among its leading labels.

The third-best performing region was Champagne, with prices rising 2.7% over the past three months.

It is worth noting, however, that in April – for the first time since the start of the bull market – more regions saw prices decline than rise. Wines from Barolo experienced the biggest dips. In May, prices across all regions increased; in June, only the Bordeaux Legends 40, which tracks the performance of exceptional old Bordeaux vintages, went down.

### En Primeur Stimulates Demand for Older Bordeaux

Regional Trade Share by Value in Q2

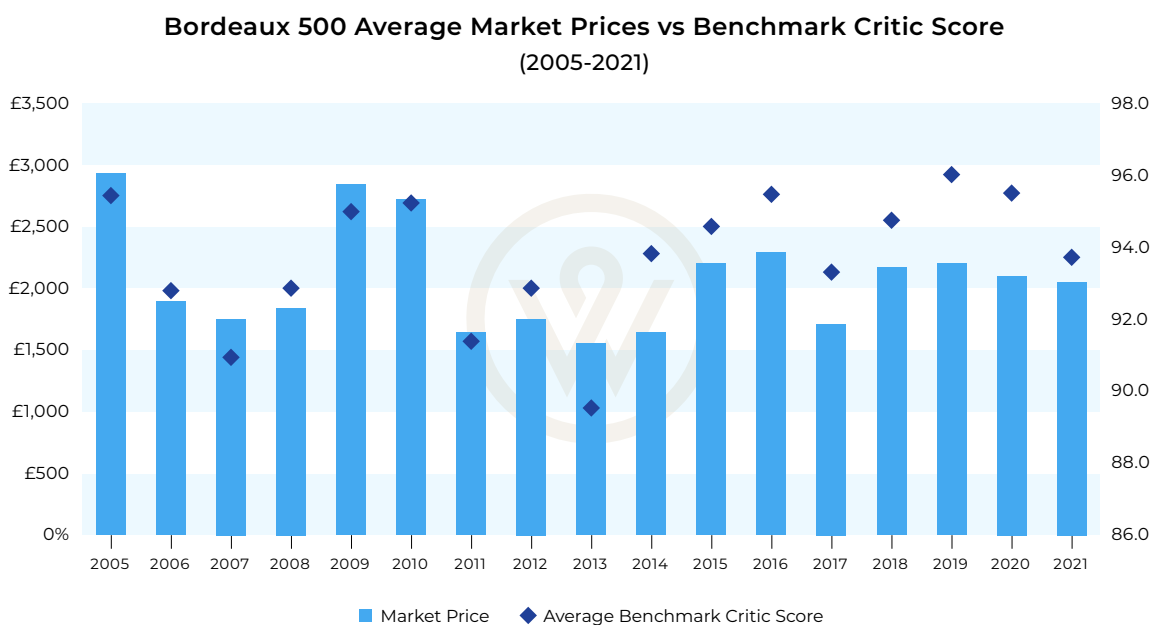


While Bordeaux prices rose just 1.2% on average this past quarter, the 2021 En Primeur campaign stimulated secondary market demand for the region. Its trade share increased from 32.1% in Q1 to 35.1% in Q2.

Its most in-demand vintages were 2019 and 2014 – two of the best-value offerings on the market today. The 2014 is the best-rated 'off' Bordeaux vintage and the second-lowest priced since 2005, while the 2019, offered at a discount at the start of the Covid-19 pandemic, has been providing attractive investment returns.

Burgundy's trade share also climbed to 25.3%, thanks to activity for its 2019 vintage. There were marked improvements for the Rhône (5.0%) and the 'others' (5.4%), driven by Australia, Spain and the UK. While only a small part of the story, British fizz enjoyed increased buying interest ahead of the Queen Elizabeth II's Platinum Jubilee's celebrations, while Sussex Sparkling Wine achieved PDO status ahead of English Wine Week.

## Bordeaux En Primeur 2021 in Context



2021 was a challenging year for Bordeaux that nonetheless produced some very fine, elegant wines. While the En Primeur campaign gave rise to a few strong sellers, the successes were limited due to good value vintages readily available on the market today. For many buyers, the 2021 price cuts proved insufficient to justify a purchase. Instead, they opted for 2014, 2016 and 2019 Bordeaux.

On average, the 2021 vintage achieved the same critic score as the 2014, which has a 20% lower price and thus presented a more attractive buying opportunity.

The best-selling 2021s this year were the First Growths, their second wines, Châteaux Lafleur, Calon Ségur, Les Carmes Haut-Brion, Léoville-Barton, Ausone and Cheval Blanc.

Among the highest-scoring wines were Châteaux Vieux Château Certan, Le Pin, Lafleur, Figeac, La Conseillante, Léoville-Las Cases, Haut-Brion and Haut-Brion Blanc, Smith Haut Lafitte Blanc, Pavillon Blanc, La Mission Haut-Brion Blanc, Domaine Chevalier Blanc and Suduiraut.

## Burgundy's Pricing Power

### Top-Performing Wines in Q2

Wine	MoM	YTD
Domaine Armand Rousseau, Chambertin Grand Cru, 2014	3.3%	106.1%
Domaine Leflaive, Batard-Montrachet Grand Cru, 2012	3.7%	105.7%
Domaine Armand Rousseau, Chambertin Grand Cru, 2013	1.5%	79.7%
Domaine Bonneau du Martray, Corton-Charlemagne Grand Cru, 2014	8.0%	77.6%
Domaine Leflaive, Batard-Montrachet Grand Cru, 2011	11.8%	76.7%
Domaine Armand Rousseau, Chambertin Grand Cru, 2010	6.7%	76.2%
Domaine Leflaive, Batard-Montrachet Grand Cru, 2013	0.0%	74.2%
Domaine de la Romanee-Conti, Grands Echezeaux Grand Cru, 2008	-0.2%	69.9%
Domaine Jean Louis Chave, Hermitage, Rouge, 2015	10.0%	67.6%
Domaine Leflaive, Batard-Montrachet Grand Cru, 2014	-3.3%	66.2%

Burgundy has become a status symbol in the fine wine world. Like luxury goods, which are defying inflation thanks to their pricing power, Burgundy's rare wines are continuing to rise in value. The list of the top-performing wines this quarter was dominated by the region's top domaines, which have led its index to appreciate 23.9% so far this year.

Domaine Armand Rousseau Chambertin Grand Cru 2014 led the way, with a 48.1% increase this quarter and 106.1% year-to-date.

Only the Rhône's Ermitage Le Pavillon from Chapoutier 2014 could match its recent performance, with a 48.2% rise in the past three months.

## Louis Roederer Cristal Cements its Place as the Most Traded Wine

### The Most Traded Wines by Value in Q2

Wine	Vintage	Current Market Price per 12x75cl case
Louis Roederer Cristal	2008	£3,598
Screaming Eagle Cabernet Sauvignon	2019	£37,037
Louis Roederer Cristal	2014	£2,400
Carruades de Lafite	2019	£3,100
Scarecrow Cabernet Sauvignon	2019	£8,800

Louis Roederer Cristal 2008 remained<sup>4</sup> the most traded wine by value in the second quarter. Its Market Price per case rose just over £100 since the end of March. The 2014 Cristal vintage also made the rankings once again, with an increase of about £200 per case.

Screaming Eagle 2019 was the second most in-demand wine, perhaps boosted by its 100-point score from Antonio Galloni (Vinous). Last year, Galloni described the 2019 vintage of 'the most talked about wine in Napa Valley' as 'simply magnificent from the very first taste'.

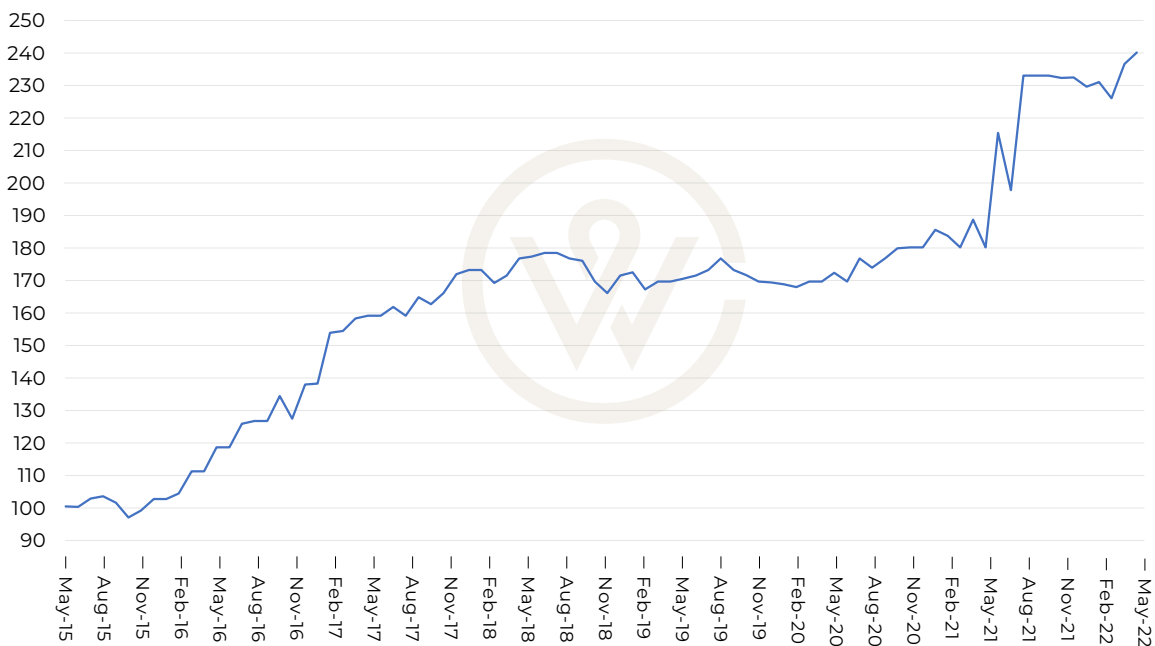
Scarecrow Cabernet Sauvignon 2019 and the 2019 vintage of the second wine of Lafite Rothschild also made it into the top five most traded wines.

### Wines that Break Records

During this year's En Primeur campaign, wines from Bordeaux's 2014 vintage – namely the First Growths Châteaux Lafite Rothschild and Mouton Rothschild – broke trading records.

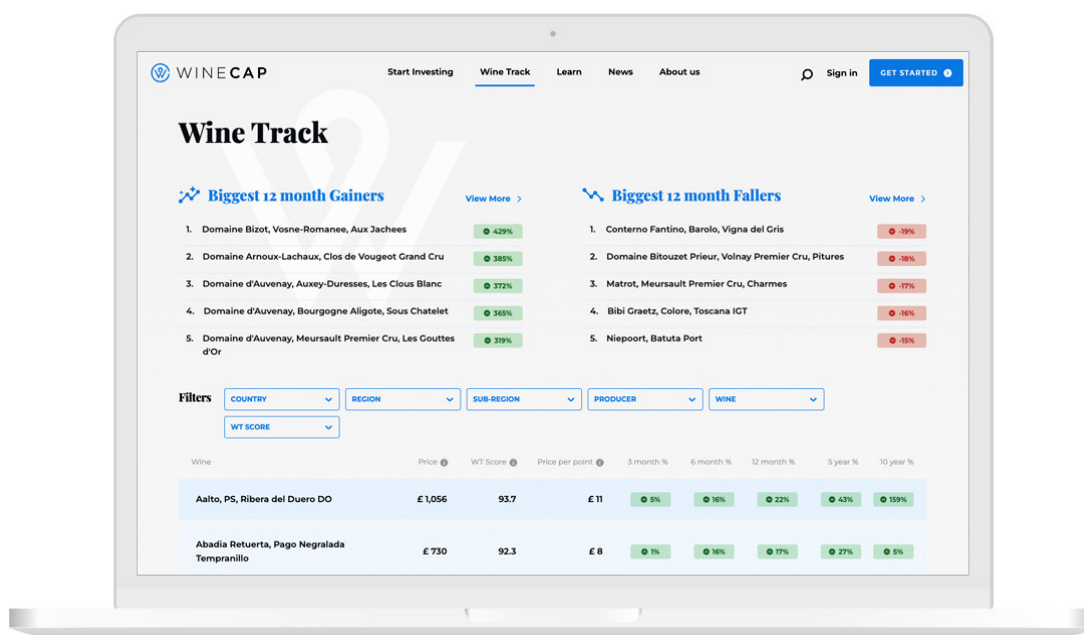
Mouton surpassed its Q1 record, with a trade at £4,640 per case. Meanwhile, Lafite achieved a record price of £6,888 per case. The wine is now up 135.4% since release. Its newly released 2021 is now the least expensive vintage from the château, for those lucky enough to have secured an allocation.

### Lafite Rothschild 2014 Sets New Trading Record



<sup>4</sup> WineCap.com/learn/q1-2022-report

## Track Price Performance Over any Given Period



Identifying the right, undervalued wines to buy and sell across the global market at the right time and price has never been easier thanks to Wine Track, the most comprehensive index available.

We launched the Wine Track tool in June to help you track wines' price performance over any given period, at a wine label level. Wine Track collates and analyses Liv-ex and Wine-Searcher data, along with over 400,000 wine prices a day collected independently from 250 leading wine merchants across the globe. It monitors over 75,000 investment-grade wines from 1990 to the present day, helping you navigate fine wine markets with confidence.

While, at the top end, Burgundy and the Rhône led the market this quarter, wines from several major regions delivered impressive returns, highlighting the breadth of the wine investment market.

An emerging theme is the performance of grower Champagne, with Egly-Ouriet on the move in Q2.

From Bordeaux, Châteaux L'Arrosée and Bel Air Marquis d'Aligre went up 15% and 12% respectively. From Italy, prices for San Guisto's Ricolma and Col d'Orcia's Brunello di Montalcino, Poggio al Vento Riserva rose 42% and 46%.

Australia's Shirvington Shiraz from McLaren Vale also appreciated in value.

Below is a selection of our top picks from different regions that delivered impressive returns over the past quarter.

## Champagne

Wine	Price	WT Score	Price per point	3 month %
Egly-Ouriet, Brut Millesime Grand Cru	£ 3,420	94.1	£ 36	▲ 42%
Cedric Bouchard, Roses de Jeanne Haute Lemble	£ 2,855	93.9	£ 30	▲ 40%

## Bordeaux

Wine	Price	WT Score	Price per point	3 month %
Chateau L'Arrosee Grand Cru Classe, Saint-Emillion Grand Cru	£ 480	89.5	£ 5	▲ 15%
Chateau Bel Air-Marquis d'Aligre, Margaux	£ 673	92.1	£ 7	▲ 12%

## Burgundy

Wine	Price	WT Score	Price per point	3 month %
Domaine Arnoux-Lachaux, Nuits-Saint-Georges Premier Cru, Clos des Corvees Pagets	£ 3,803	93	£ 41	▲ 133%
Domaine Arnoux-Lachaux, Latricieres-Chambertin Grand Cru	£ 9,683	92.9	£ 104	▲ 124%

## Rhône

Wine	Price	WT Score	Price per point	3 month %
Domaine Jamet, Cote Rotie, Cote Brune	£ 7,651	93.6	£ 82	▲ 28%
Noel Verset, Cornas	£ 5,395	92.4	£ 58	▲ 21%

## Italy

Wine	Price	WT Score	Price per point	3 month %
San Giusto, Ricolma, IGT	£ 2,104	94.6	£ 22	▲ 42%
Col d'Orcia, Brunello di Montalcino, Poggio Vento Riserva	£ 1,093	94.1	£ 12	▲ 36%

## Australia

Wine	Price	WT Score	Price per point	3 month %
Shirvington, Shiraz, McLaren Vale	£ 577	94.9	£ 6	▲ 15%

### A Look Ahead to Q3

Those already missing the rush of the Bordeaux En Primeur campaign will be rewarded with more La Place releases in September. Almaviva, Opus One, Vérité, Seña, Catena Zapata, Masseto and Solaia are a few of the star names that will offer their latest vintages internationally, with many more new additions. As the campaign draws attention towards wines from the New World, the category sees increased secondary market demand – and rising prices – each year.

The third quarter is thus likely to move the spotlight away from France (albeit only shortly) and highlight prominent estates from the rest of the world. Library ex-cellar releases from Châteaux Palmer and Latour will also intrigue buyers. Next month will perhaps bring a needed summer lull for the trade before the autumn La Place campaign takes centre stage – bigger and brighter than ever before.



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