
QUARTERLY REPORT:

Fine Wine

Q1 2024



Q1 2024 FINE WINE REPORT

EXECUTIVE SUMMARY

- Mainstream markets rallied in Q1 2024, driven by resilient economic growth and expectations for future interest rate cuts by central banks.
- The first green shoots started to appear in the fine wine market towards the end of Q1.
- Fine wine prices (Liv-ex 100 index) experienced a smaller decline of 1% in Q1, compared to a fall of 4.2% in Q4 2023.
- In March, the Liv-ex 100 index rose 0.4% for the first time in a year, driven by wines from California, Tuscany and the Rhône.
- Italian wine enjoyed rising demand amid a flurry of new releases, including the 100-point Sassicaia 2021.
- A number of Champagne labels that experienced consistent declines last year have started to recover, including Dom Pérignon, Salon Le Mesnil, and Pol Roger.
- Critics released their ten-year-on Bordeaux 2014 reports, as well as Bordeaux 2021 in-bottle scores.
- The Burgundy 2022 En Primeur campaign delivered high quality and quantity, with about 10% of producers reducing pricing year-on-year due to the challenging market environment.
- This has positively impacted the market, with some Burgundy labels rising in value this quarter.
- China lifted tariffs on Australian wine after more than three years.
- Critics and trade are now preparing for the 2023 Bordeaux En Primeur campaign, which will dominate the news in Q2 2024.

The following pages offer a comprehensive overview of the key events and themes that shaped the fine wine market in the last quarter. Discover more about the best-performing regions and wines, current investment opportunities and what to expect in Q2 2024.



THE TRENDS THAT SHAPED THE FINE WINE MARKET

01.

INTEREST RATE CUTS AND GEOPOLITICAL RISKS MOVE MARKETS

After a soft start to the year due to ongoing cost pressures, the global economy has started to show signs of resilience and growth. Bond and equity markets ended the first quarter on a high note in anticipation of interest rate cuts from major central banks. As [highlighted earlier this year](#), falling interest rates will also positively impact the fine wine market. This effect, however, is yet to be felt. The real winner in Q1 was Gold – the safe-haven asset reached a record high on the back of geopolitical risks.

FINE WINE SHOWS SIGNS OF RECOVERY

Driven by its own dynamics, the fine wine market saw its first '[green shoots](#)' after a year in decline. The Liv-ex 100 index rose 0.4% in March for the first time in twelve months, driven by wines from Napa Valley, Tuscany and the Rhône. Already in February, signs of growth had started to appear in Champagne and Italy. Key Champagne brands that were on a downward spiral six months ago, including [Pol Roger](#), [Salon Le Mesnil](#) and [Krug](#), have risen in value between 1% and 6% over the past three months. Although they have made only small gains, it looks as though tables have started to turn. Similarly, Italian wine prices rose on the back of a flurry of new releases including the high-quality Brunello 2019 vintage and 2021 Super Tuscans like Ornellaia and Sassicaia.

BORDEAUX 2014 AND 2021 IN THE CRITIC SPOTLIGHT

Bordeaux fell in the critic spotlight in February and March, specifically the 2014 vintage (ten years on) and the 2021 (in-bottle scores). Reviews of the 2014 vintage were mixed, with [Neal Martin](#) arguing that the wines have evolved faster than expected. While the vintage may not sit up with the very best, many of the wines offer relative value and a lower-than-average entry point into Bordeaux's top brands. When it comes to the more recent 2021 vintage, William Kelley ([Wine Advocate](#)), Neal Martin and Antonio Galloni ([Vinous](#)) agreed that it was a 'farmers' vintage'. Kelley said that 'the best 2021s are beautiful wines that exemplify how much technical progress Bordeaux has made over the last decade in the vineyards and in the winery'.

BURGUNDY EXCITES THE MARKET

The high-quality and high-quantity Burgundy 2022 vintage landed in a downward market; the Liv-ex Burgundy 150 index had fallen 16% in the past year. The En Primeur campaign, however, was largely met with excitement. Thanks to higher volumes, allocations were mostly restored. About 10% of producers reduced their prices year-on-year due to the challenging market environment. Joseph Drouhin announced a reduction of 15%, hinting at a potential trend reversal.



THE FINE WINE MARKET IN CONTEXT

02.

The industry benchmark Liv-ex 100 index fell 1% in Q1 2024, a milder decline than the 4.2% dip at the end of last year. It dipped 0.3% in January, 1.1% in February and rose for the first time in twelve months in March, up 0.4%. The index was moved by Promontory and Dominus from Napa Valley, the Super Tuscan Sassicaia and the Clos des Papes Châteauneuf-du-Pape.

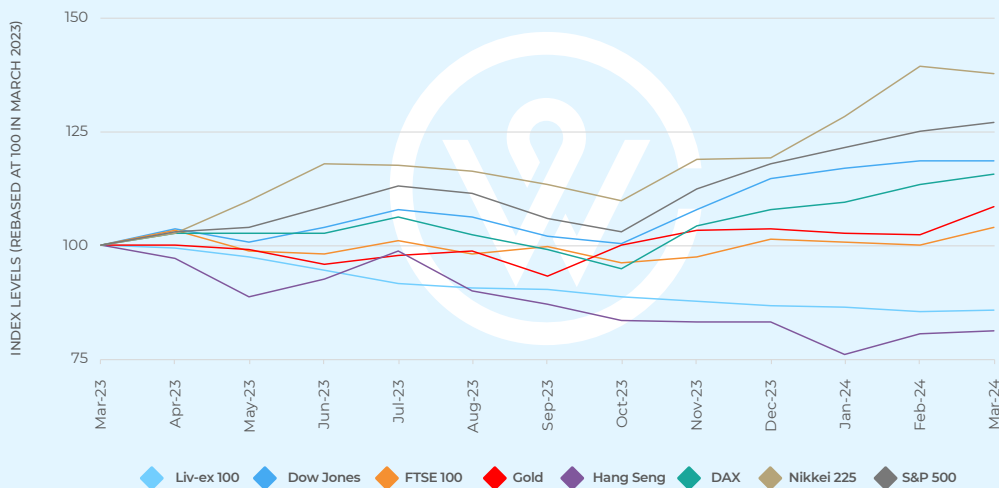
Still, its performance paled in comparison to mainstream markets, which ended the first quarter on a high note.

Both the Nikkei 225 and the S&P 500 have demonstrated remarkably strong performances over the past year. Their annual rise (March 2023 - March 2024) has been in the top 10% of any year-on-year period this century.

Bond and equity markets experienced heightened volatility at the beginning of the year, due to geopolitical risks like the Middle East conflict and uncertainty around interest rates. This confluence of factors boosted the safe-haven asset Gold which has extended its run on [buying momentum](#).



Liv-ex 100 vs mainstream markets and Gold



A DECADE OF THE LIV-EX 1000 INDEX

03.

The Liv-ex 1000 index is the broadest measure of fine wine prices, tracking the performance of the most traded wines from Bordeaux, Burgundy, Champagne, the Rhône, Italy, and the rest of the world (Spain, Portugal, the USA, and Australia). Ten years since its official launch (January 2014) and providing twenty years of insight (the index was rebased at 100 in December 2003), we look at its performance history compared to other global benchmark indices.

The one-year periods in the table below signify any year-on-year annual timeframe (i.e. March 2023 - March 2024) in the last twenty years.

During this time, the Liv-ex 1000 index has registered 64 annual declines. However, its largest ever fall has been 15% – considerably less than mainstream markets. The FTSE 100 comes next with a dip of 34%.

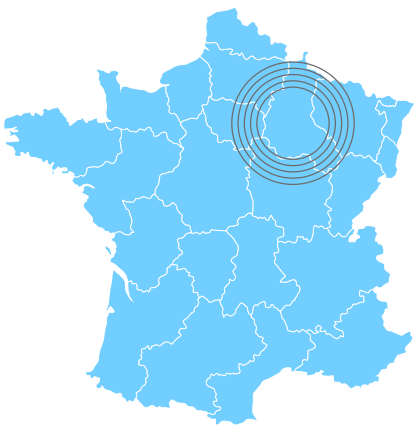
But when it comes to gains, performances have been similar. The Liv-ex 1000 index has delivered returns of 38% in its best year, not too far off from the FTSE 100 or the Dow Jones. Its average growth has also been higher than many mainstream markets. At 8.4%, it sits only behind the S&P 500, outperforming the FTSE 100, Hang Seng, Dow Jones and Nikkei 225.

	Negative 1-year periods	Largest 1-year fall	Largest 1-year gain	Average growth
Liv-ex 1000	64	-15%	38%	8.4%
Dow Jones	42	-42%	48%	7.7%
Nikkei	84	-48%	65%	8.0%
S&P 500	46	-45%	51%	8.8%
FTSE 100	78	-34%	45%	3.5%
Hang Seng	95	-55%	71%	3.9%



REGIONS ON THE RISE IN Q1

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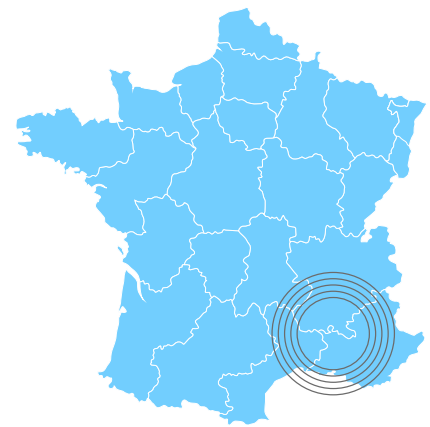
CHAMPAGNE

Key Champagne brands that were on a downward spiral just six months ago, including [Pol Roger](#), [Salon Le Mesnil](#) and [Krug](#), rose in value between 1% and 6%. These small gains suggest that a reversal might soon be underway for the region, which peaked between mid-2020 and the end of 2022. As buying appetite remains – Champagne dominated the list of the top traded wines in 2023 – it is no wonder that the region has been enjoying a resurgence in pricing.



ITALY

Italy has been the best-performing fine wine region over the last few months, fuelled by high-quality releases, which spurred demand for back vintages on the secondary market. Over the last three months, [Produttori del Barbaresco Montestefano Riserva](#) has risen 8%, [Comm. G.B. Burlotto Barolo](#) – 5%, and [Ornellaia](#) – 2%.



THE RHÔNE

In March, the Rhône 100 was the only Liv-ex 1000 sub-index to make gains (0.4%). The index was moved by Paul Jaboulet Aîné Hermitage La Chapelle Rouge 2017 and Château Rayas Châteauneuf-du-Pape 2011. On a brand level, Auguste Clape Cornas (5%), M. Chapoutier Hermitage, Le Pavillon (4%) and Clos des Papes Châteauneuf-du-Pape Rouge (2%) were the best performers in Q1.

THE BEST-PERFORMING WINES IN Q1

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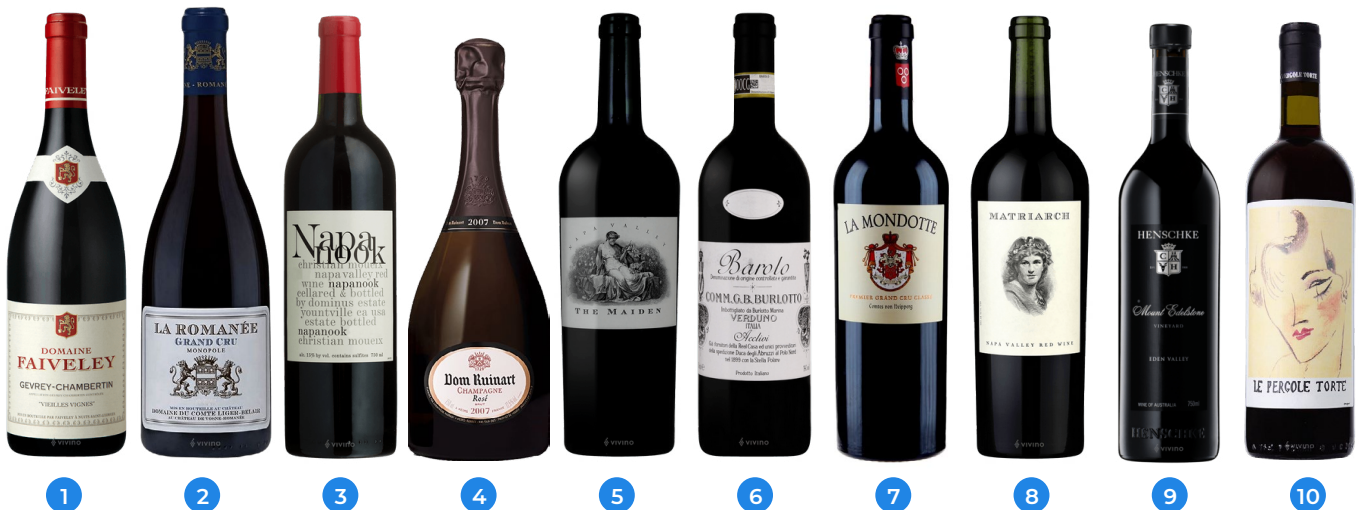
The best-performing wines on [Wine Track](#) came from a number of regions: Bordeaux, Burgundy, California, Tuscany, Piedmont, Champagne and South Australia. They all rose between 5% and 10% this quarter.

Dominus Napanook (9%), Harlan Estate The Maiden (7%) and Bond's Matriarch (5%).

A wine from Australia, which recently saw its Chinese tariffs lifted, also featured; Henschke Mount Edelstone rose 5%.

The biggest riser was the Burgundian Domaine Faiveley Gevrey-Chambertin Vieilles Vignes. California dominated the rankings with three wines:

	Wine	Region	Q1 performance
1	Domaine Faiveley Gevrey-Chambertin Vieilles Vignes	Burgundy	10%
2	Domaine du Comte Liger-Belair La Romanée Grand Cru	Burgundy	9%
3	Dominus, Napanook	California	9%
4	Dom Ruinart Rosé	Champagne	8%
5	Harlan Estate, The Maiden	California	7%
6	Comm. G.B Burlotto Barolo	Piedmont	6%
7	Château La Mondotte, Saint-Émilion	Bordeaux	5%
8	Bond, Matriarch	California	5%
9	Henschke, Mount Edelstone	South Australia	5%
10	Montevertine, Le Pergole Torte	Tuscany	5%



FINE WINE NEWS

06.

CHINA LIFTS TARIFFS ON AUSTRALIAN WINE

As of 29 March 2024, China lifted the punitive tariffs on Australian wine which first came into force in 2020. Prior to their imposition, China was Australian wine's most significant export market. Australian exporters benefited from zero tariffs under the Free Trade Agreement, while other countries faced a 14% tariff. This gave them a market advantage and contributed to them supplying around a quarter of China's total wine imports. The tariffs were introduced due to diplomatic disagreements when Australia investigated the origins of the COVID-19 virus.

Ranging from 180% to 200%, the tariffs had a profound impact on Australia's budding secondary market. From being the second most important fine wine player in the New World after the USA, Australia's market shrank considerably, and prices fell.

The Australian trade is now eager to reengage this market segment as well as continue to invest in domestic sales and marketing.

CAN BORDEAUX EN PRIMEUR 2023 REDEFINE THE MARKET?

According to Colin Hay, the [Drinks Business](#) Bordeaux correspondent, the En Primeur system might be at a breaking point at the start of the 2023 campaign. The troubled economy and waning sentiment mean it needs to deliver a 'market-defining moment'. For the campaign to attract positive attention, the first releases 'will have to work'.

The formula for success, as seen in previous campaigns, is releasing early and low – delivering value in the context of the brand and taking into account the current market.

For Hay, this will 'give a clear and unambiguous price signal to the market that is capable of establishing the parameters of acceptable behaviour for those to follow'.



THE RISING POPULARITY OF NON-VINTAGE CHAMPAGNE AS AN INVESTMENT

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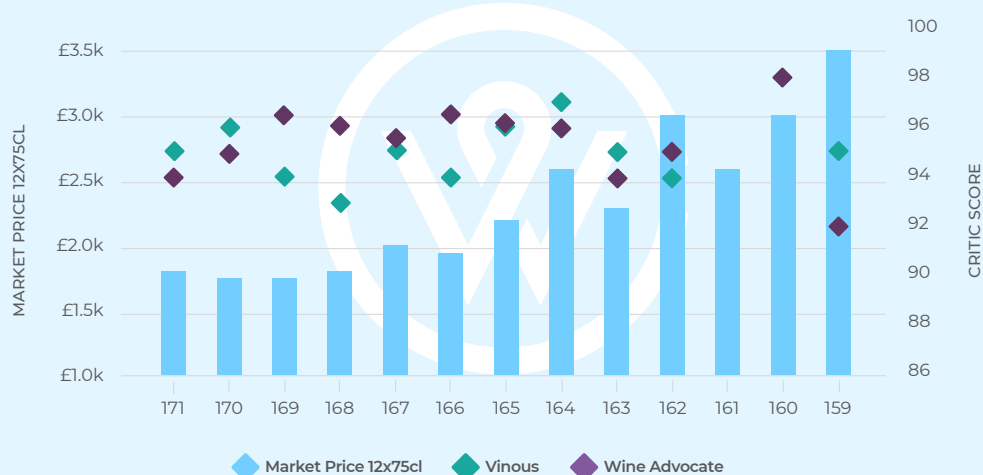
Although non-vintage (NV) Champagne accounts for the majority of the region's production volume and dominates most parts of the on-trade, vintage wines lead in the investment market. This is partially due to what is called a 'vintage premium', where vintage Champagne offers an attractive premium as it ages because its value tends to rise in tandem.

Recently, however, non-vintage Champagne has proven that it holds potential for lucrative investment. Luxury producers such as Krug have been adding edition numbers to their top-tier NV Champagnes which provide information including disgorgement dates, harvest conditions, and assemblage. Most importantly for investors, this additional information adds differentiation to each release.

It has proven to be a critical factor in creating an active secondary market for these wines. From 5% of the total secondary market trade, today NV Champagne's share sits comfortably between 15% and 20%. Moreover, older releases have shown significant potential for price appreciation.

As the chart below shows, older Grand Cuvées command a noticeable premium: the 171st edition is half the price of the 159th edition and one-third of the price of the 158th edition.

Krug Grande Cuvée Wines Prices vs Wine Scores



OUTLOOK FOR Q2 – ALL ABOUT BORDEAUX

08.

As critics and trade get ready to taste the 2023 vintage En Primeur, Bordeaux will likely dominate the investment landscape in Q2. The first releases are already expected to land at the end of this month.

The annual En Primeur campaign invites comparisons with previous vintages, and often stimulates the secondary market for the region as buyers search for better value. This seems to be an even more pertinent theme this year given the challenging economic climate and the bearish market mood. Can Bordeaux 2023 save the day? The next month will tell.

Apart from the campaign, interest rates will continue to be keenly observed by investors deciding how to diversify their portfolios. As this report has shown, fine wine historically delivers more stability than mainstream markets, alongside similar gains. The fine wine market has started to move, with the first green shoots appearing in Italy, Champagne, California and even Burgundy.

Pockets of opportunity can still be found as the buyer's market continues. But no market falls or rises forever. Will tables turn in Q2? It depends on a confluence of factors, but it is not unlikely.



MAKING WINE INVESTMENT AFFORDABLE, TRANSPARENT AND SIMPLE FOR YOU.

Our mission is to democratise wine investment, making it more affordable, more transparent and easier to access. With decades of experience navigating the international fine wine market, we offer propositions that translate into maximised profits for our customers. Put simply, we facilitate easy access to wine: a proven, highly desirable asset that has historically delivered stable and substantial returns.

We've developed our own, bespoke technology that analyses over 400,000 wine prices a day to identify the right, undervalued wines to buy and sell across the global market at the right time and price.

Assuming the role of agent, we analyse our customers' goals and circumstances and then work to source the optimal wines to create a sound, diversified and profitable portfolio. With our longstanding UK alliances, our customers also benefit from the most developed secondary fine wine market in existence. We're excellently positioned to buy well and sell high due to our sister companies in Bordeaux and the US. We have an unparalleled global reach as we are strategically positioned in London - the fine wine market hub.

We've built an organisation over the years that elicits trust, partnership and profitability.

09.

Whether you're new to the world of wine or a seasoned investor, we work hard to establish a personal relationship with you. Our priority is designing a customised portfolio that meets your objectives, all while ensuring that you retain full and unconditional ownership of your assets. This strategy means we've built an organisation over the years that elicits trust, partnership and profitability. We're proud of the accolades our investors have provided to us regarding the quality and reach of services and we welcome an opportunity to share them with you.



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