

# Q2 REPORT

—  
2023



WINECAP

## Executive Summary

Welcome to our **Q2 2023 report**, which examines the trends that shaped the fine wine market over the past three months. We have taken a closer look at the macroeconomic factors affecting fine wine demand, the Bordeaux 2022 En Primeur campaign, recent winery acquisitions and other industry news.



## Report highlights

- UK and US stocks experienced a positive upswing, but a note of caution prevails for the second half of the year.
- Major fine wine indices drifted in Q2, partly due to stronger sterling.
- Fine wine demand remains solid, with wealth managers and financial advisors predicting it is set to increase.
- Bordeaux enjoyed sustained interest in Q2, due to the release of the high-quality 2022 vintage.
- The high release prices, however, led buyers to older vintages of comparable quality and the majority of the best-performing wines in Q2 were Bordeaux.
- Marchesi Antinori took full ownership of Napa Valley's iconic winery Stag's Leap, while Joseph Drouhin expanded its Burgundy vineyard holdings.
- New World releases will likely dominate the Q3 headlines.

# The fine wine trends that shaped the market

## Cautious outlook for mainstream markets

The second quarter brought a mixed bag of developments for both mainstream markets and fine wine. UK and US stocks kicked off the new quarter with gains, fuelled by positive momentum and signs of falling inflation. However, a note of caution prevails, as some market watchers have expressed concerns about worsening economic data and anticipated pressure on earnings. According to [Bloomberg](#), the recent 'rally in equities has generated concern as well as a celebration, given how much it appears to have decoupled from a worsening economic backdrop'.

## Fine wine indices decline but demand increases

Major fine wine indices declined in Q2, with the Liv-ex 100 experiencing its biggest decrease so far this year, down 2.9% in June. Meanwhile, the broader Liv-ex 1000 index plunged the most in May, down 2.4%. The Rhône 100, the Burgundy 150 and the Champagne 50 sub-indices also witnessed significant declines during this period. Falling prices created opportunities for both buyers and sellers, and brought more well-priced stock to the market.

Indeed, demand for fine wine remains solid. Trade activity by both value and volume increased, indicating sustained interest and market resilience. Fine wine's unique characteristics, such as its cautious risk profile, tax efficiency, and strong historical returns, continue to attract

interest from wealth managers and financial advisors, who [predict that demand is set to rise](#).

## The 2022 Bordeaux En Primeur campaign stimulates demand for back vintages

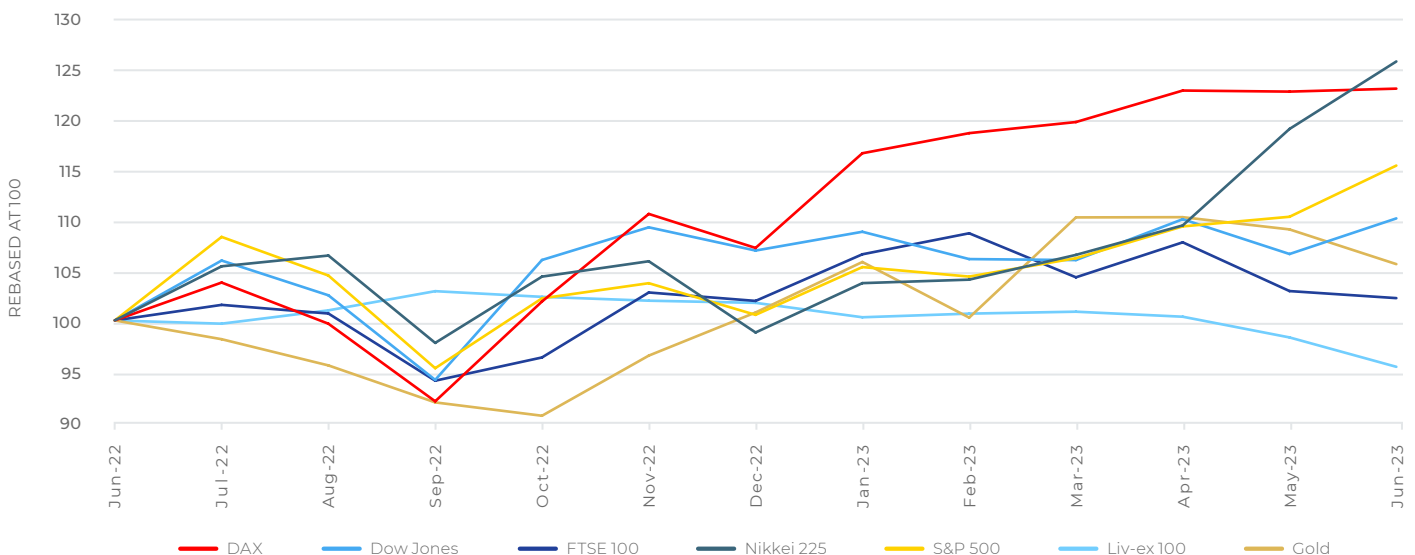
Much of the trade's focus in Q2 revolved around the Bordeaux 2022 En Primeur campaign. The En Primeur tastings saw a significant increase in the number of visitors this spring, indicating continued interest in the region. Despite the challenges posed by the growing season, the Bordeaux 2022 vintage exceeded expectations in terms of quality. However, the overall reception of the vintage was lukewarm. The release prices, marked by average increases ranging from 15% to 25% and even reaching as high as 55%, did not resonate well with the relatively subdued Bordeaux market. As a result, buyers turned their attention to older vintages, seeking value and more favourable pricing. The list of the best-performing wines in Q2 was dominated by physical Bordeaux vintages.

## Fine wine news and outlook for Q3

Notable acquisitions also made the headlines in Q2. [Marchesi Antinori](#) assumed full ownership of Stag's Leap, cementing their position in Napa Valley. Meanwhile, [Joseph Drouhin](#) expanded their vineyard holdings in Burgundy, further reinforcing their presence in the region. Jackson Family Wines also announced plans to begin producing English still and sparkling wine after hiring Gusbourne CEO Charlie Holland. Looking ahead to the third quarter, the focus will likely shift to New World releases as the autumn La Place de Bordeaux campaign takes centre stage.

## A cautious outlook for fine wine and mainstream markets

*Liv-ex 100 Index vs mainstream equities and Gold over one year*



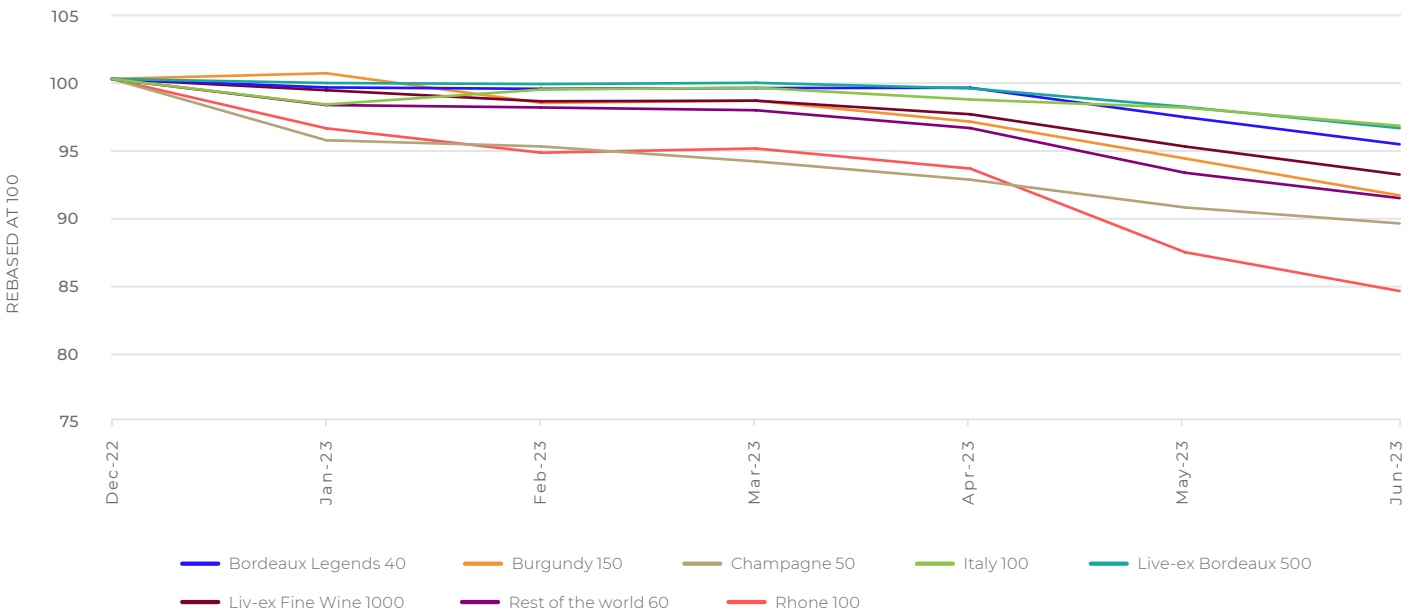
The second quarter of 2023 saw stocks extending gains, potentially indicating the start of a new bull market. The rally was primarily driven by prominent technology companies such as Apple, Microsoft, and Nvidia. The Federal Reserve signalled a pause in rate hikes but indicated the possibility of future increases if inflation remains high. While volatility in the stock market decreased, bonds were turbulent. Gold prices also saw an increase due to news of slowing inflation; however, despite the rally, Gold dropped 2.1% in June.

Generally, fine wine is less susceptible to inflationary pressure or the wider economic outlook than other financial assets. Still, the Liv-ex 100 index experienced a decline of 5.3% in Q2, with the largest drop occurring in June, where it fell 2.9%. Of its 100 constituent wines, 18 rose in value last month, three were flat, and 79 fell. Wines from Burgundy, the Rhône, and Champagne registered the largest losses.

Currency movements played a role in influencing the direction of the fine wine indices, particularly the strengthening of the British pound against the US dollar. The pound reached a year-to-date high on 18th June when it was trading for 1.28 USD. As the indices are denominated in sterling, the currency's upward trajectory impacted their overall performance.

**New buying opportunities across fine wine regions**

*Liv-ex regional indices' performance year-to-date*



The fine wine market faced a downturn in the second quarter, as prices fell across all regions, creating more opportunities for buyers to get their hands on well-priced stock. The Liv-ex 1000 index, which represents a broad pool of fine wines, dropped 5.4% in Q2, and has experienced a year-to-date decline of 6.8%. Notably, the Rhône 100 sub-index suffered the most significant blow, plunging by 15.0% so far this year, followed by the Champagne 50 sub-index, which has seen a decline of 10.3%.

Meanwhile, the Italy 100 sub-index and the Bordeaux 500 sub-index have demonstrated more resilience, experiencing the smallest declines of 3.4% and 3.5% respectively. Despite a lacklustre En Primeur campaign, Bordeaux has proven to be the most stable region, showing a relatively steady performance amidst the challenging conditions.

## The best performing wines in Q2

Wine	Vintage	Region	Change
1 Château Climens Premier Cru Classé, Barsac	2011	Bordeaux	35.6%
2 Château Climens Premier Cru Classé, Barsac	2014	Bordeaux	32.0%
3 Château Palmer 3ème Cru Classé, Margaux	2013	Bordeaux	27.3%
4 Le Clarence de Haut-Brion, Pessac-Léognan	2015	Bordeaux	24.1%
5 Château Climens Premier Cru Classé, Barsac	2009	Bordeaux	23.1%
6 Opus One, Napa Valley	2015	USA	20.6%
7 Paul Jaboulet Aîné, Hermitage, La Chapelle Rouge	2011	Rhone	18.2%
8 Château Climens Premier Cru Classé, Barsac	2010	Bordeaux	16.7%
9 Château Calon-Ségur 3ème Cru Classé, Saint-Estèphe	2012	Bordeaux	11.8%
10 Château L'Évangile, Pomerol	2014	Bordeaux	11.5%



The En Primeur campaign moved the focus back to older Bordeaux vintages, which enjoyed heightened demand and rising prices. Among the best-performing wines were Château Palmer 2013 (27.3%), Le Clarence de Haut-Brion 2015 (24.1%), Château Calon-Ségur 2012 (11.8%) and Château L'Évangile 2014 (11.5%).

Notably, three vintages of Château Climens feature in the rankings: 2011 (35.6%), 2014 (32.0%) and 2010 (16.7%). These vintages saw increased demand, following the 2022 En Primeur release, which was offered with a 139.4% increase on the 2016. Château Climens also went on to become one of the best-performing Bordeaux brands in Q2, [according to Wine Track](#), rising 20%.

## Bordeaux 2022 En Primeur



Bordeaux 2022 fell short of reviving the declining sentiment for En Primeur despite being a high-quality vintage that exceeded expectations given the challenges of the growing season. Our recent report, [Bordeaux 2022: Unfulfilled Potential](#), explores the reasons behind this and the implications for the future of the event in the industry.

Although the En Primeur tastings experienced a significant increase in visitor numbers, indicating sustained interest in the region, the campaign failed to capitalise on this positive momentum. The average in-barrel score by Neal Martin was lower than his 2020, 2019, and 2016 in-bottle scores, with many critics noting the need for selectivity in approaching the wines.

While a few wines managed to offer value and generated high demand upon release, such as [Château Cheval Blanc](#), [Château Beychevelle](#), and [Château Lafleur](#), the overall market response was lukewarm. The average price increases, ranging from 15% to 25% and even as high as 55%, did not resonate well with the soft Bordeaux market. Ultimately, the 2022 Bordeaux En Primeur campaign did not deliver on hopes and failed to encourage buying En Primeur.

To read our in-depth Bordeaux En Primeur report, [click here](#).



(Above) Crouch Valley, Essex, and Charlie Holland

## Q2 NEWSFLASH

California-based company Jackson Family Wines, known for its flagship brand Kendall-Jackson, is expanding its reach into the English wine industry, [Decanter](#) reported. The company has acquired a contract winemaking facility Defined Wine in Kent, where it will initially produce vintage and non-vintage sparkling wine. Additionally, Jackson Family Wines is in the process of acquiring land in the **Crouch Valley in Essex** to plant Chardonnay and Pinot Noir vines.

**Charlie Holland**, CEO and winemaker at Gusbourne in Kent, will join Jackson Family Wines in September 2023 to oversee this new English wine venture. The company sees England as an exciting and promising location for wine production, particularly in the cool-climate segment.

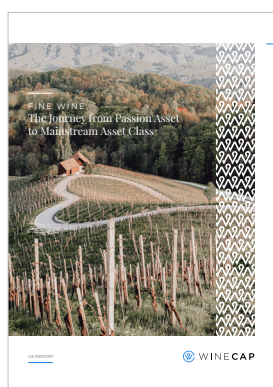
Wines from **Gusbourne Estate** dominated secondary market trade for English wine last year, as the category has started to carve its own niche.



## Demand for fine wine set to rise

Demand for fine wine is set to rise, according to [our study](#) among 100 US- and UK-based wealth managers and financial advisers, who only deal with high-net-worth clients (£100K+).

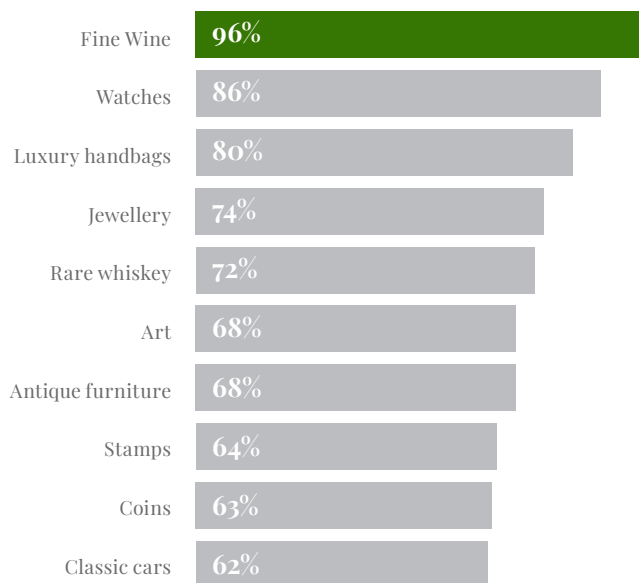
**96%** of UK wealth managers expect demand for fine wine to increase. This makes fine wine the leading 'passion asset', with watches (86%) second and luxury handbags (80%) in third, respectively. UK wealth managers and advisers estimate that over 40% of their HNW client base already invest in fine wine, with an average portfolio allocation of 10%.



Fine wine's increasing prevalence among the portfolios of HNW individuals shows that it has now become a genuine alternative asset and a highly effective portfolio diversifier alongside other alternatives such as hedge funds, real assets, and private capital.

To read our special UK investment report, [click here](#).

SHARE OF WEALTH MANAGERS AND FINANCIAL ADVISERS THAT EXPECT DEMAND FOR CERTAIN 'PASSION' ASSETS TO INCREASE OVER THE NEXT YEAR



Source: WineCap Global Wealth Manager Survey 2023



# A look ahead to Q3

While major fine wine indices experienced a temporary drift in Q2, some wines continued to overdeliver, the annual En Primeur campaign generated excitement (though it failed to capitalise on it), and demand for fine wine remains robust. Fine wine's growing prevalence among high-net-worth portfolios highlights its status as a genuine alternative asset and an effective portfolio diversifier, as our recent studies among wealth managers found.

Looking ahead, Q3 is expected to bring consolidation in markets, as inflation is declining, and rate hiking cycles are slowing. In the world of fine wine, the spotlight will move to wines from the Rest of the World, as the autumnal La Place de Bordeaux campaign takes centre stage. Renowned names such as Almaviva, Opus One, Vité, Seña, Catena Zapata, Masseto, and Solaia

will present their latest vintages on the international stage, joined by numerous other exciting additions.

As the campaign broadens its focus to wines from the New World, the category experiences a surge in secondary market demand, which may be accompanied by rising prices. We will continue to highlight the best investment opportunities where quality and brand prestige matches pricing.

*“In the world of fine wine, the spotlight will move to wines from the Rest of the World”*

## About us



[www.winecap.com/about-us](http://www.winecap.com/about-us)

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 built an organisation over the years that elicits trust, partnership and profitability.*

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. By automating this process, we can pass substantial cost savings on to our customers and don't charge any management fees.

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.

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.



T: UK +44 (0)207 060 7500

T: US +1 310 310 7610

[hello@winecap.com](mailto:hello@winecap.com)

[www.winecap.com](http://www.winecap.com)

Registered Office: WineCap Limited,  
14 Austin Friars, London EC2N 2HE

Company No. 08480079

VAT No. GB174 8533 80

AWRS No. XCAW00000119418

WOWGR: GBOG174853300

© 2023 WineCap Limited

