

LATEST MARKET NEWS

Pavie still the rising star of the Bordeaux market

Chateau Pavie 2009 has grown over 20 per cent in the last 12 months, further adding to the estate's growing prestige. Following the re-classification at the end of 2012, which saw Pavie become a Premier Grand Cru Classe A wine, many Pavie vintages have seen tremendous growth.

Pavie was bought by Gerard Perse in 1998. The Right Bank estate predominantly plants the Merlot grape, with smaller quantities of Cabernet Franc and Cabernet Sauvignon.

Mouton the biggest First Growth brand of the year

There's more to an estate than one single wine. Take Lafite as an example. Carruades de Lafite and Duhart Milon are both part of the Rothschild stable. Margaux makes Pavillon Rouge, Latour makes Forts de Latour and Mouton Rothschild make Petit Mouton. These First Growth Second Labels have the benefit of having prestigious names on their bottles at affordable prices. In Asia right now these Second Labels are incredibly popular. Mouton is leading the charge, with an 11% increase across all vintages, and a huge demand for Petit Mouton too.

Cos Shines this Summer

Cos D'Estournel 2005 saw the biggest growth in July, with a 9.6 per cent rise in the space of a month. Interestingly another Cos vintage – 2009 – was the second most successful wine of the month, growing 5 per cent. Third and fourth place were filled by a Champagne and a Burgundy (Cristal 2004, up 4.6 per cent, and DRC Tache 2005, up 4.4 per cent). The non-Bordeaux wines continue to be more and more popular.



Cos D'estournel - latest market news

China-EU trade dispute settled

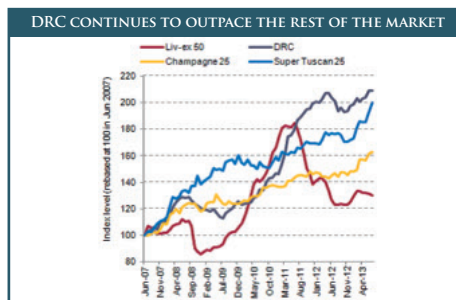
A solar panel dispute that escalated into a potentially disastrous trade war within the wine industry has been settled. The European Commission (EC) had accused the Chinese of "dumping" in the solar panel market, a term used when a country floods a market with below-price products, therefore harming the local economy. The EC then warned that it would put in place a high tax tariff on all Chinese imported panels. The Chinese responded with a warning of their own – an investigation into

European wine imports into China that would potentially damage the economies of France, Italy and Spain to a large extent.

EU Trade Commissioner Karel de Gucht said: "There is a window for discussions between the EU and the Chinese (wine) producers. The Chinese government has promised to facilitate such discussions." Seeing as China is the now the world's largest importer of Bordeaux wines, it is incredibly important that cordial relations are upheld between the EU and the Asian superpower.

Champagne Harvest 2013

It was reported at the end of last week by the Comité Interprofessionnel du Vin de Champagne (CIVC) that the yield for the 2013 Champagne harvest has been set at 10,000 kg/hectare. Recent hail storms have ravaged the region in the last fortnight. It is thought that close to half of the harvest might be lost.



SPOTLIGHT ON MONTROSE

Château Montrose is one of the rising stars of the Left Bank. Situated in the St-Estèphe appellation (just to the north of Pauillac), this Second Growth has seen some incredible Parker scores in recent vintages:

2008: 95pts 2009: 100pts 2010: 99pts

With such sensational Parker scores, the value of Montrose recent vintages has soared. The 2009 vintage has seen **48% growth** in the last two years, a remarkable return, especially given the market as a whole has struggled in the last 24 months. Montrose 2010 has seen **9.3% growth** in the last 12 months too.

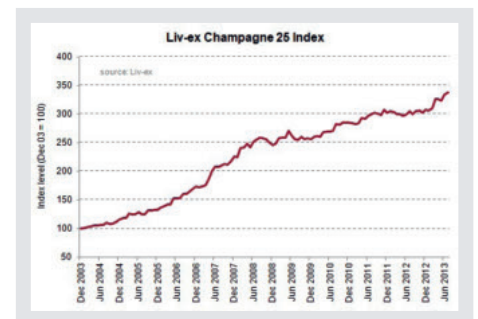
Montrose is 65% Cabernet Sauvignon, 25% Merlot and 10% Cabernet Franc. The estate produces two red wines; the eponymous grand vin and the second wine, called Dame de Montrose, which also achieves high Parker scores (2009 scored 91 and 2010 scored 94). Particularly good Montrose vintages can take up to 20 years to mature, due to the high tannic content in the wine.

The Montrose 1970 vintage participated at the famous Judgement of Paris wine competition in 1976 and placed third out of ten wines tasted.

CHAMPAGNE INVESTMENT

by Nathan Long, our Champagne expert

The Liv-Ex Champagne Index 25 has shown consistent growth over the last decade, with Krug 1985 advancing from £765 per case in 2003 to £3,688 by February 2013. Recent vintages such as 2002 and 2008 have been outstanding and now with the 2012 vintage showing potential to become one of the best this millennium, even in spite of extraordinary weather, champagne has become the perfect investment opportunity.



China is now becoming a powerhouse in First Growth Bordeaux with auction houses in Hong Kong attracting wealthy customers from all over China. But if we look at market trends from Japan in the 80's and 90's, they have shown that tastes have changed in predictable patterns, from Bordeaux to Burgundy – all leading up to a rapid rise of interest in Champagne. These patterns from Japan are beginning to be emulated in China where it can be seen that the market has already moved to Burgundy - DRC regularly breaks records at Christie's and Sotheby's in Hong Kong. This may not yet be certain, however the trend is clear, and there are good signs that China may follow in the footsteps of Japan.

And of course the beauty of champagne is that it is seen as the ultimate luxury product, so it is often bought, part for collection, part for consumption (e.g buy five cases, store three to make money to pay for the other cases you take out of storage to drink). In the run-up to Christmas 2013, why not think about adding some Champagne to your portfolio.

CAPITAL VINTNERS AS MERCHANTS

Capital Vintners is not just a brokerage company offering investment opportunities; we offer clients the opportunity to purchase consumption stock too. We have a dedicated team that specialises in selecting the finest wines from all over the world at affordable prices. Ask your broker if you are looking for any consumption stock.

BORDEAUX 2013

As we come to the business end of the year, Bordeaux (and France in general) has experienced some severe weather for the second year in a row. But growers are positive and the mood in Bordeaux right now is buoyant.

Nerissa Chan, a key member of the team at Chateau Kirwan in the Margaux appellation, answers our questions about how the Bordeaux 2013 vintage is shaping up:

"It is still a little bit early to define the quality of vintage 2013 for now. Normally we have to wait until the end of the harvest to really give a quote. The period from July to September is very crucial for the maturation."

We just finished the green harvest a week ago. (The green harvest refers to the hand-picking of all the small grapes - the grapes that don't mature very well - to keep more nutrient, sunshine and concentrated flavours for the grapes showing more potential)

Everything is going quite well for the moment, it was quite hot and there has been lots of sunshine since July. We did have a storm last week though, but since our vines are very low in position, it didn't harm any of our grapes. So let's hope the sunshine can remain until the end of the harvest!"



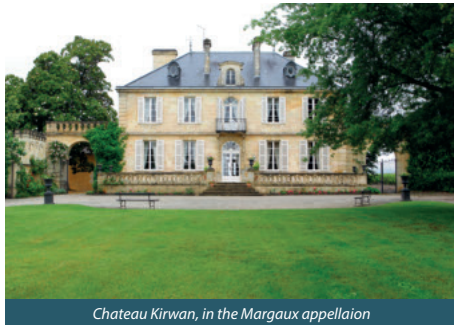
The impressive Chateau de Malle in the Sauternes region of Bordeaux

Chateau Kirwan is a Third Growth wine that consistently scores 90+ Parker points and yet remains an incredibly affordable fine Bordeaux wine.

Jean Elliott, one of our negociants on the ground in Bordeaux, has been closely following the 2013 harvest and gives us his thoughts:

"The harvest in 2013 should be much more abundant than 2012, which was at a historically low level. But because of the delay in widespread vegetation and adverse weather conditions in late June, the forecast is still uncertain."

The vegetative state is quite heterogeneous, but it is too early to understand the production potential due to delays in flowering and the risk of sagging because of the precipitation."



Chateau Kirwan, in the Margaux appellation

EYE ON CHINA

As the Chinese Mid-Autumn Festival gets closer (September 19) the fine wine market has seen a marked increase in demand for First Growths, in particular Lafite and Mouton Rothschild. These estates have been favourites of the Chinese for the last five years and the Festival has helped the First Growth market recover from a poor start to the year. Mouton vintages are up, on average, 11% since the turn of the year.



Hong Kong

WEALTH IN CHINA

At Capital Vintners we keep a close eye on global wealth and emerging nations. With our trade contacts in China we are a truly global business. Here are some statistics on the impressive creation of wealth that China has seen in recent years.

- China now has 1.05 million millionaires, up 3% on the previous year
- The number of super-rich, whose assets are over £10 million, has reached 64,500
- There are now over 8000 billionaires in China
- The average age of a Chinese millionaire is 38. On average they own 3 cars and 4 watches. 70% drink alcohol, and 50% call themselves connoisseurs of red wine. Two thirds are collectors, and 29% say their preferred item for collection is fine wine
- The gifts which millionaires most commonly give men are watches, closely followed by red wine. When it comes to choosing a luxury gift, China's millionaires are most likely to choose French or Italian luxury brands. Lafite Rothschild appears in the top 10 luxury brands
- GDP per capita in China has surpassed USD 5000, the generally regarded threshold for rapid consumption growth

RHONE VALLEY

As investors look to other areas of the world for opportunities, France still retains its aura as the fine wine capital of the world. The Rhone Valley is dominated by one wine producer; Marcel Guigal. Robert Parker said this of Guigal:

"In the past 26 years I have spent visiting wineries and vigneron, I have never seen a producer so fanatical about quality as Marcel Guigal." Fine words indeed from the father of wine criticism.

The Lalas - La Turque, La Landonne and La Mouline - are the greatest Guigal wines.

The 2009 vintage saw all three of these wines score a perfect 100 from Parker, an unheralded success for Guigal and for the region of Rhone. Capital Vintners offers clients these superb wines throughout the year, so be on the lookout for any Rhone opportunities your broker might bring to you in the coming weeks and months.