

- Overall activity increased by nearly 10% year on year
- En Primeur 2016 continued well into the summer
- LiveTrade activity surged up 19% year on year

#### Q3 2017 in summary

Q3 was again characterised by a benign trading environment as activity increased by nearly 10% year on year and prices were nudged gently north. The LiveTrade Index closed out at 143, an increase of 1%, taking the year to date figure to 2.6%. These modest advances were further phases in the recent consolidation that has seen prices remain broadly static for the better part of a year following the surge of 2015/16. It is worth recalling that today's plateau is still some 5% below the heights of 2011.

En Primeur 2016 proved to have a long tail with activity continuing well into the summer. Like for like the campaign has achieved almost twice that of 2015 by value. Indeed, the success of the '16s coupled with the generally up-beat market conditions led a number of buyers to re-visit the 2015 vintage resulting in some solid trading volumes during a period in which one would expect to see next to no activity.

#### LiveTrade Activity

Focussing on the secondary market in the form of LiveTrade we were pleased, and a little surprised, to see strong activity throughout the holiday period. Q3 trading surged up 19% year on year and indeed August, ordinarily a rather sleepy month, was the busiest August in LiveTrade's 8 years history and one of the busiest months in and of itself this year. Pleasingly, much of the demand emanated from Bordeaux, with negociants and traders alike taking advantage of the Euro's strength (EUR/GBP +4% year to date) to re-stock. This contrasts markedly with the key USD denominated markets which have had to contend with significant FX weakening throughout most of the year (USD/GBP – 7% year to date). All of which makes the robust sales to Asia all the more reassuring that fine wine consumption is firmly established regardless of price volatility.

Looking at the LiveTrade universe in a little more detail we can see as ever a diversity of fortunes and a couple of clear price trends. Firstly, this was a quarter in which 'off-prime' vintages again out-performed with '13, '11 and '06 all notching up returns in the 3-6% range. This contrasts sharply with the big hitters of '09, '10 and '03 which all languished in comparison. At the brand level there were strong performances from the Asian favourites of Carruades, Petit Mouton and Pavie, alongside Palmer and Cos. Amongst the First Growths there was more uniformity in outcome but with Mouton the top performer and Lafite having a rare showing at the bottom of the pile. Away from Bordeaux there was healthy appreciation in Solaia, Ornellaia and Krug. At the Crystal Palace end of the table Guigal, Poyferre and Lynch all underwhelmed but with only the Rhone showing real negative returns.

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## En Primeur Part 2

The final observation for now relates to market reaction to new releases, of which there were many in the period, with runaway successes for the likes of Yquem '15, Pol Roger WC '06 and Opus One '14 contrasting with the flops for Palmer '06 and Les Forts '10it illustrates both the market intolerance of inept pricing and the huge potential market enthusiasm for well-priced wines with a strong narrative. Seemingly not a difficult judgement to get right even if the evidence would suggest otherwise...

