Cru Research

19th May 2020



Bordeaux En Primeur 2019

Market Disruption Creates Opportunity

- > **COVID-19** has not derailed Bordeaux *en primeur*. A **Bordeaux 2019** campaign will kick off in early June.
- Market disruption and financial volatility have put pricing power firmly in the hands of the collector.
- Critics like James Suckling and Jane Anson have confirmed that Bordeaux 2019 is a very good to excellent vintage. Serious collectors will not want to miss it.
- ➤ We anticipate some release prices falling by -10% to -25% versus 2018.
- ➤ The most similar campaign to this year's was the **2008** vintage sold during the **Global Financial Crisis**. With 2008, prices came down and the 2008 vintage ended up being the **best investment vintage** of modern times.
- ➤ If pricing is reasonable, we believe that 2019 could throw up similar **excellent long-term buying opportunities**.

Bordeaux 2019: What's Happening?

- Bordeaux 2019 releases will likely commence first week of June 2020.
- We are expecting **decreases on 2018 prices**. Best guess is that many 2019s will be released in the range of **-10% to -25%** *below* 2018 prices.
- Initial **release quantities** will be **lower than usual**. Jancis Robinson noted that 2019 yields will be down on 2018 due to the prolonged dry summer.
- We anticipate good demand for Bordeaux 2019 because: 1) the vintage is top quality,
 2) pricing should be reasonable and 3) Asian currencies are very strong versus the Euro right now.
- Cru anticipates being able to offer a **full schedule** of Bordeaux 2019 releases.



Bordeaux 2019: How Good was the Vintage?

A number of leading critics have tasted Bordeaux 2019. Plus we have a wealth of data on the growing season. Please read our summary vintage report here.

Based on everything we know thus far, Bordeaux 2019 was a **very good** to **excellent** vintage that regular collectors will **not want to miss**. Here is what the critics have said so far:

Gavin Quinney:

"Bordeaux 2019 is a **very good** to **excellent vintage**. It wasn't straightforward, with heatwaves, drought and a rainy finish along the way, but Bordeaux enjoyed a long, dry summer and harvest with just enough rain, and no disasters like the late spring frost of 2017 or the significant losses to mildew that some growers experienced in 2018."

Jane Anson (Decanter):

- "Overall, 2019 was a **hot vintage** with all the potential successes and pitfalls that this style of year brings with it; rich fruits, concentration, high alcohols, plenty of tannins."
- "The top wines on the **Left Bank** seem less lush but more structured than in 2018, so **closer to 2016** in style."
- "The top **Right Bank** wines seem **closer to 2018 in style**. They are rich and lush in many cases, although with slightly higher acidity levels than in 2018."
- "From my tastings so far, I would say the wines are going to make it worth your while."

James Suckling:

- "The wines are **outstanding quality**, from simple Bordeaux to cru classé."
- "Many of the 2019 wines are at the **same level of quality as 2018**, albeit with less exuberance and plushness in fruit and tannins. The wines seem more typical for Bordeaux which is a good thing with a balance of alcohol, cool and blue fruits and fine linear tannins that are refined and driven."
- "Some say 2019 is **close to the excellent 2016 vintage** but with perhaps slightly less tannin concentration. They all agree that the quality is **very close** to **2018**, **2016** and **2015**."
- "The **sleek tannins** and **pure fruit character** are what I expect in Bordeaux ... They are all just really good quality wines and some are fantastic."
- "The average quality of the grapes picked was very high and that nearly all areas and terroirs produced **very good** to **outstanding quality grapes**."
- "Price decreases from 2018 futures mentioned range from about 10 percent to 40 percent."



Back to the Future? Is 2019 the Modern 2008?

Jane Anson notes the similarities between Bordeaux 2019 and Bordeaux 2008.

In May 2009, the **Bordeaux 2008** vintage was marketed into a howling gale of the **Global Financial Crisis**. The S&P 500 only bottomed in **March 2009** (having dropped **more than 50%** since October 2007).

In purely financial terms, the backdrop to the 2008 campaign was significantly worse than today, when many equity markets are less than 20% from all-time highs.

Take a look at the table below showing how **Bordeaux 2008 panned out**. Two things are important:

- 1. With 2008 châteaux accepted the reality of the financial situation. Even though 2008 was clearly a better vintage than 2007, they made **significant price reductions** on the year before (average of 25% in the sample below).
- 2. Collectors who were **smart enough** to look beyond the short-term noise **reaped significant long-term gains**, as prices for 2008 **rose strongly** over the following decade:

	2007 Release	2008 Release			
	Price per Bottle	Price per Bottle	2008 Release	2008 Current	2008 Price
	(ex. Bordeaux)	(ex. Bordeaux)	Price Change	Price (6x75cl)	Return
Beychevelle	€ 25.5	€ 21.5	-15.7%	£418	263%
Cheval Blanc	€ 370	€ 300	-18.9%	£1,750	9%
Figeac	€ 49.3	€ 41.0	-16.8%	£550	150%
Grand-Puy-Lacoste	€ 31.2	€ 24.0	-23.1%	£215	67%
Haut-Brion	€ 250	€ 150	-40.0%	£1,675	108%
La Mission Haut-Brion	€ 195	€ 110	-43.6%	£825	40%
Lafite Rothschild	€ 260	€ 180	-30.8%	£3,463	259%
Latour	€ 260	€ 140	-46.2%	£2,230	197%
Leoville Las Cases	€ 89	€ 79	-11.2%	£600	42%
Lynch Bages	€ 40	€ 32	-20.0%	£473	176%
Margaux	€ 260	€ 140	-46.2%	£1,750	133%
Montrose	€ 44	€ 42	-4.5%	£375	67%
Mouton Rothschild	€ 260	€ 150	-42.3%	£2,100	161%
Palmer	€ 114	€ 85	-25.4%	£925	103%
Pichon Baron	€ 50	€ 43	-14.0%	£533	131%
Pichon Lalande	€ 57.5	€ 39.0	-32.2%	£535	156%
Pontet Canet	€ 43.0	€ 43.0	0.0%	£335	45%
Smith Haut Lafitte	€ 31.2	€ 28.0	-10.3%	£375	150%
Vieux Chateau Certan	€ 60.0	€ 38.0	-36.7%	£600	195%

In fact, 2008 is the single **best performing Bordeaux vintage**, in pricing terms, since the early 2000s.

What should you do Now?

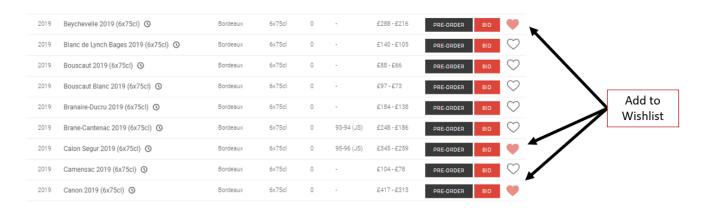
Get yourself prepared. If the pricing doesn't make sense, you don't have to buy. But there is a good chance that 2019 will throw up some **excellent buying opportunities**; on a par with 2008.

Go to the **Cru Bordeaux 2019 En Primeur** page <u>HERE</u> to see:

- 1. Anticipated release prices.
- 2. Critics scores as they are published (James Suckling has already released some scores).

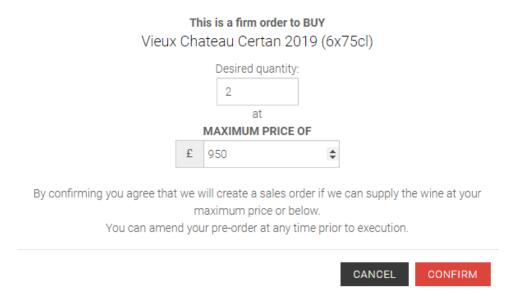
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