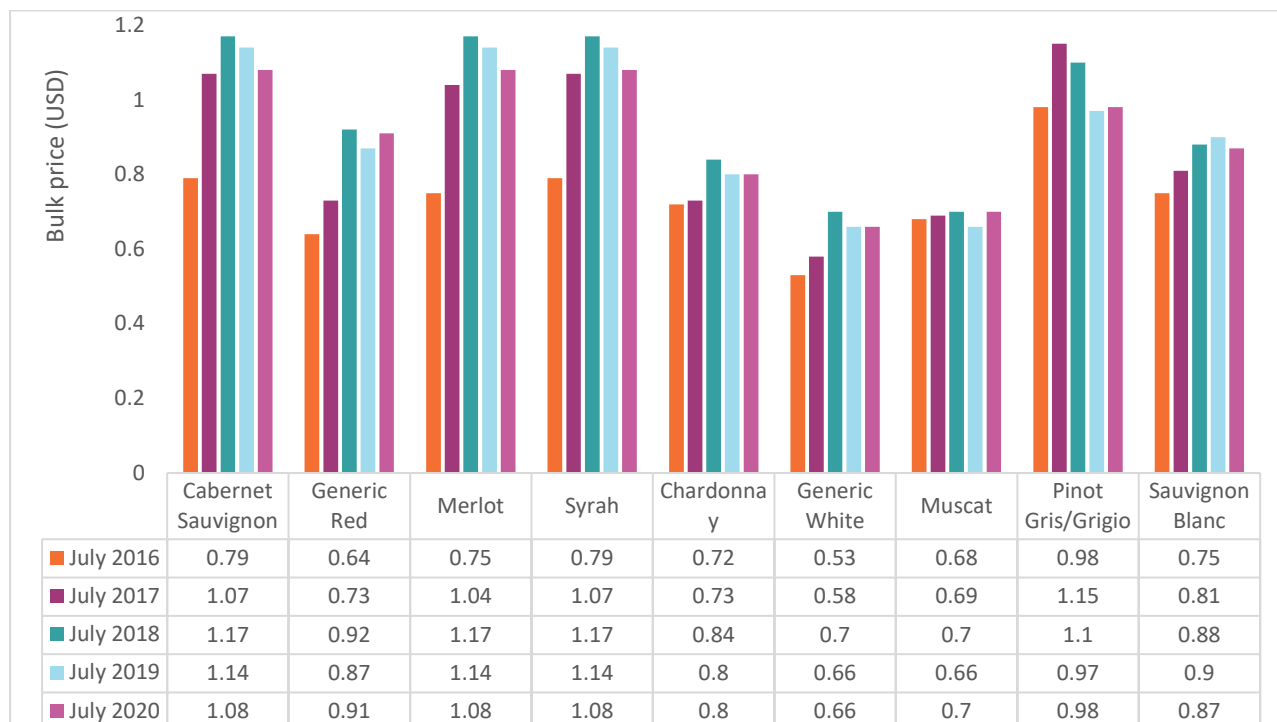


Bulk wine market update July 2020

Source: Ciatti Global Market Reports and historic data

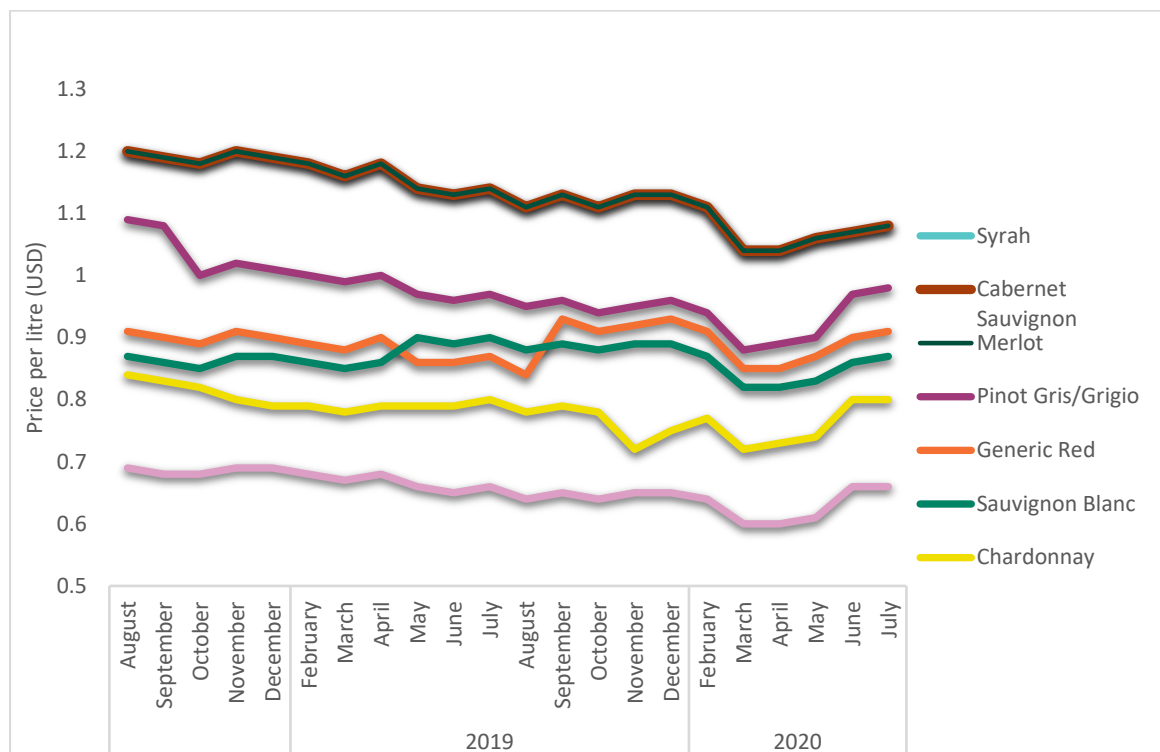
Australian bulk wine prices for the three major red varieties have softened in July 2020 compared with the same month in the previous year, when calculated in USD. White varieties except for Sauvignon Blanc have stayed the same or increased slightly, as has generic red. The whites except for Pinot Gris/Grigio, and generic red, are close to their highest reported price; however, the major red varieties are back to 2017 prices.

Figure 1 Ciatti bulk wine prices for Australian wine by variety – past five years (July)



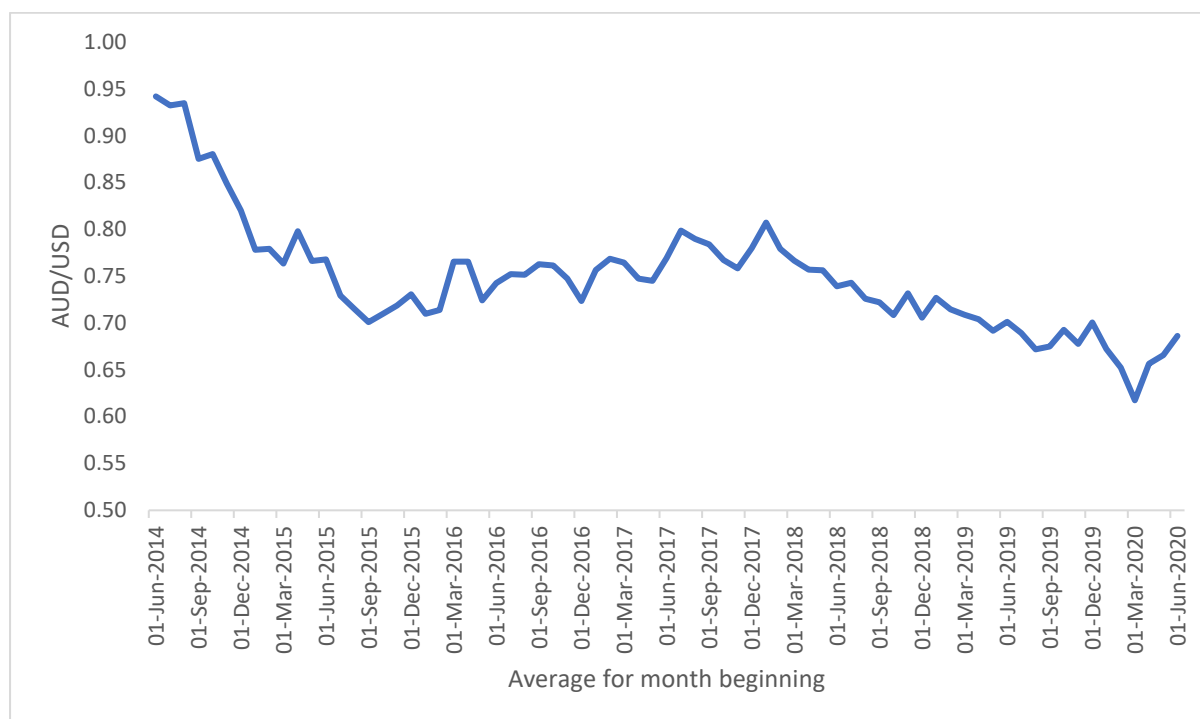
The monthly trend shows a recent increase in price for all varieties since declining to at least a 12-month low in March 2020. The uptick in prices was particularly evident in June, when supply switched to the new (2020) vintage.

Figure 2 Monthly trend in prices of Australian bulk wine by variety



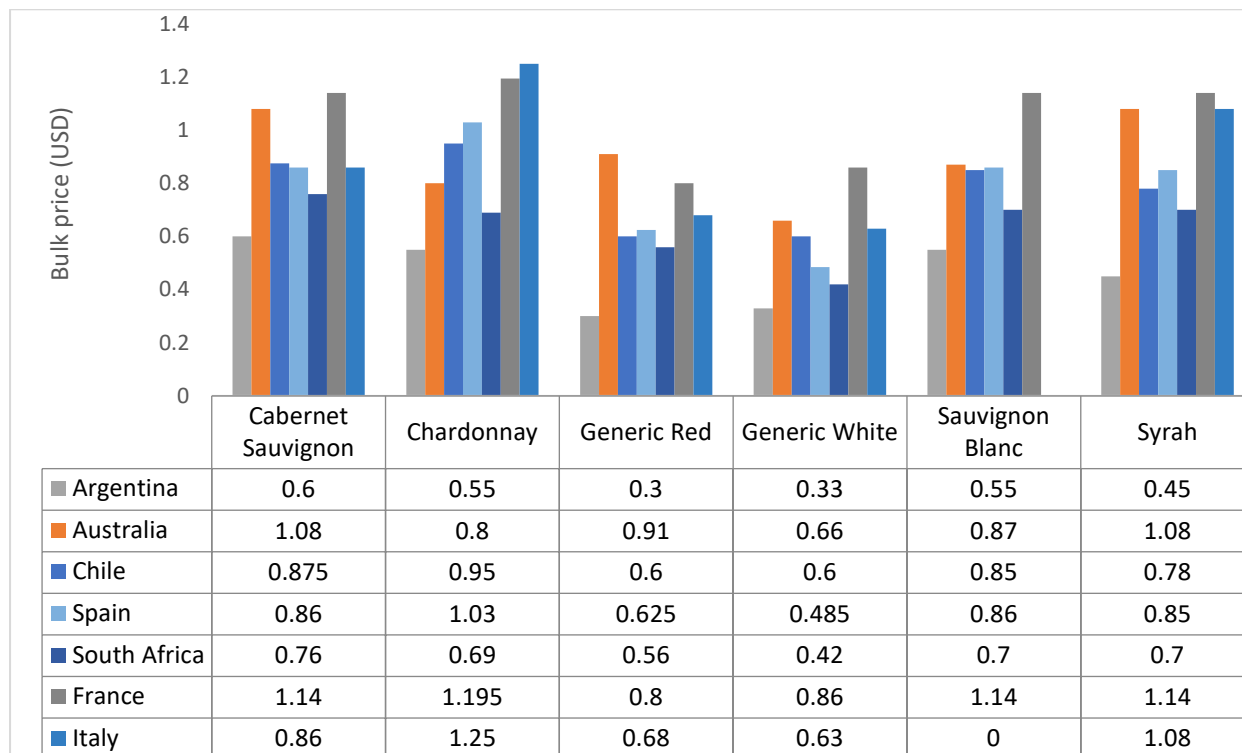
The low price in March also coincided with a recent low in the AUD/USD exchange rate and could indicate that prices did not change in AUD but converted to a lower price in USD.

Figure 3 Exchange rates AUD/USD 2014–2020 (source: Reserve Bank of Australia)



Compared with other countries, Australia has relatively high prices for red varieties, and the highest global price recorded by Ciatti for generic red. Higher prices generally indicate relatively strong demand, higher quality and/or short supply, but can make Australian wines less price competitive from a buyer's perspective.

Figure 4 Comparison of average bulk wine prices by country (July 2020)



Report prepared by Wine Australia July, 2020.

Prices are the high price per litre reported by Ciatti.

Further information: market.insights@wineaustralia.com or <https://www.ciatti.com/ciatti-reports/>