



Fine Wine Market Decode: February

Market Sentiment: Enquiries to Sell

- Enquiries to sell totaling £1,598,927
- Number of clients looking to sell increases 33%
- Sterling makes further gains in 2019

The fine wine market, like the global economy, continues to head towards two of the most potentially adverse headwinds in a decade. Brexit and the Sino-US trade war, now compounded by growing evidence of an economic slowdown in China, continue to make market conditions difficult.

The coming month, however, should prove decisive. March will see deadlines expire for both the partial truce in the trade-war, and for the UK to negotiate a deal before crashing out of the EU.

At JF Tobias, we believe that, whatever the outcome in March, there remains robust and strong upside potential in the long-term.

However, across the medium and short-term, this potential is far outweighed by downside risk. Clients are acting on this advice; enquiries to sell by number increased again in January.

Since the start of the new year, we have also seen sterling begin to make gains, as JF Tobias predicted. Brexit remains the key driver for sterling, with the currency ostensibly a function of a 'deal' or 'no deal' Brexit prediction.

That sterling has begun to make gains since the start of the year, despite falling back, is based on confidence that a deal will be achieved.

A further strengthening sterling would see UK stock becoming more expensive to overseas buyers, wine prices falling further as a result. Sterling's gains so far look like a strong predictor of further downside risk in the short-term.

March may well prove decisive; whilst May has asked her MP's to hold their nerve, wine prices may not.



Market Sentiment: Sales

- HK sales increase by 5%
- Chinese New Year drives sales
- US sale share recedes 7%, UK recedes 8%

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Chinese New Year was celebrated on February the 5th, with banks closed for the week in China. HK merchants stocked up in preparation; vintages from the year of the pig (this year's zodiac) traded well (83, 95 and 07).

Rather than increased demand, this was demand shifted and concentrated. Do not be surprised to see HK sale share recede slightly next month in balance. This month however, it increased as expected, taking share away from the UK and US, as clients remained aggressive in purchasing stock. Prices remained steady, but on a downward trend overall.

This demand spike might also represent the beginning of renewed optimism in China. The government continues to take measures to arrest fear of a slow-down, and there is cautious positivity over progress with the trade talks, with a deal likely to be reached before the truce deadline of March 1st. Optimism buoyed also by a strengthening CNY against the HKD.

A strengthening CNY should boost sales in HK, and in turn the UK, and signal an improvement in demand from HK. Given the macro factors affecting the market, however, and whether this can go some way to tempering a strengthening sterling in the short-term remains to be seen.

UK trade remained very slow, with prices falling further, in response to the strengthening sterling. The US remained robust despite trade share receding on last month.

BDX Resurgent, with '15 & '16 Offering Investment Potential

Bordeaux has traded heavily in recent weeks, as in-bottle scores were released for the 2016 vintage, confirming its quality, and renewing interest across back vintages.

At JF Tobias, we believe there is excellent investment potential in both the 2015 and 16 vintages; critics scores are as good as 09 and 10, yet are undervalued in comparison. Whilst the 09 fell 8.5% post-release, the 15 has gained 14%, and the 16 3%.

This offers investors better value for money, and strong upside potential in the long-term. Contact us now to learn more.

Currency Corner: FX Decoded

In the global fine wine market, relative currency strengths play a big part in performance.

Red swatches show those currencies that have gained in value against the base currency; blue those that have fallen lower in value.

