



Fine Wine Market Decode: September

Market Sentiment: Enquiries to Sell

- Enquiries to sell totaling:
£1,643,449
- Number of clients looking to sell increases by 12%
- Clients continue to exit portfolios ahead of Brexit deadlines

There's trouble at the White House and Number 10 Downing Street. Rising pressure on U.S. President Donald Trump and UK PM Boris Johnson has further disturbed financial markets in September, amidst investor worries about recession and growth-sapping trade wars.

Both events came on the same day the UK Supreme Court ruled Johnson's move to suspend parliament for five weeks before the Oct. 31 Brexit deadline was unlawful and parliament was free to re-convene.

The issue for financial markets is whether this materially changes existing assumptions about the probability of a negotiated Brexit deal.

The decision increased calls for Johnson to step down, and saw Sterling appreciate significantly, as the probability of no-deal was seen to decrease by analysts.

Worries over how, when or even if the UK will leave the European Union have dragged on Sterling and aided consecutive gains in the exporter-laden wine market in June and July.

However, were Sterling to appreciate, these gains would be wiped out, and prices likely to fall.

Predicting the ultimate outcome of Brexit remains difficult, but the short and medium-term risk return for the fine wine market looks uncertain. At JF Tobias, we believe an appreciating Sterling remains a real risk.

Although the number of enquiries to sell increased slightly in August, after the 90% increase the month before this remains reflective of the actions already taken to redress risk and re-balance portfolios ahead of the approaching Brexit deadlines in October.



Market Sentiment: Sales

- HK sale share increases by 10%
- Continued unrest in HK dampens enthusiasm
- UK sale share recedes 1%, US recedes 3%

If September was to prove a decisive bellwether for the health of the market heading into the latter part of the year, the results so far remain inconclusive.

Whilst both UK and US sale share receded slightly on the previous month, HK increased its share by 10%.

That HK posted such an increase is good news. However, understood within the wider context of the Mid-Autumn Festival, often a good indicator for the wider health of the fine wine market in China, early enthusiasm is dampened.

Many merchants cited weakened demand from the mainland, and, with US sale share receding too, the effects of the Sino-US trade war continue to bite, and affect sentiment.

With Chinese negotiators set to head to Washington for trade talks in early October, and overtones largely conciliatory, the fine wine market will be hoping for some positive news to emerge from these meetings.

Further cause for concern is to be found as HK moves into October, the pro-democracy demonstrations their 17th week, and HK it's most serious political crisis in decades.

So far, disruption to trade has remained minimal, and largely in sentiment only.

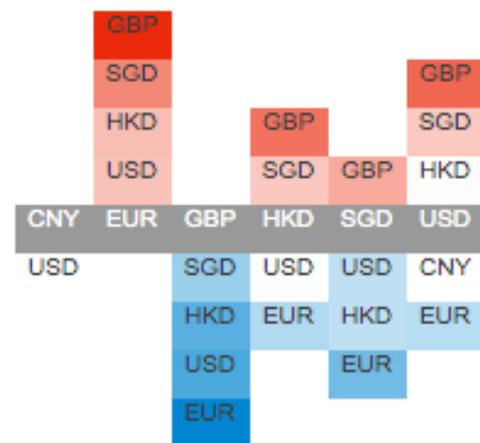
However, with the 1st of October marking the 70th anniversary of the founding of the People's Republic of China, and this coinciding with a national holiday in HK, many analysts believe this may yet prove a decisive flashpoint.

Were this show of Chinese strength to be upstaged and marked by protests, it may well trigger a more serious intervention from China.

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.



-1.57% [blue swatch] [light blue swatch] [red swatch] +Infinity%