VINTAGE AND MARKET REPORT

BORDEAUX

THE 1979 VINTAGE

Quantity *March, 1980*

This vintage produced:

3.32 million hectolitres of Appellation Contrôlée Red
0.46 million hectolitres of Vin de Table Red
1.24 million hectolitres of Vin de Table White
1.22 million hectolitres of Appellation Contrôlée White

A total of over 6.2 million hectolitres makes it the largest crop since 1934 (6.8 million hectolitres), which holds second place in the 'largest ever' league, behind the 7.2 million hectolitres of 1922.

If a record cannot be claimed for overall quantity it can as the largest ever crop of Appellation wine, and by far the largest of red Appellations. The previous record holder for A.O.C. red was 1973 with a mere 2.5 million hectolitres. We are now a long way from the 2.1 million which was considered a large crop in 1970.

In 1972 for the first time since at least 1935 the white production represented less than 50% of the total crop. For the last two years it has slipped to below 40%. This is due to the conversion being made by many growers in such regions as Entre Deux Mers and Premières Côtes de Bordeaux particularly. That less than half of the white crop is requesting Appellation status coldly but eloquently expresses the fact that quality does not always pay.

The weather and the quality

A winter which was wet even by Bordeaux standards led into a reluctant spring, with rainfall reaching virtually double the average each month through to May. This has little effect on the vine but is not good for morale. June produced a burst of summer, providing excellent conditions for the large number of buds to flower and to set into a large number of grapes. July provided the rest of a mediocre summer with only one really wet day and a temperature which could just about claim to be average. August was not wet but it was the coldest we have recorded in over twenty years of detailed statistics, and September was not much better.

Over all it was one of the coldest summers Bordeaux has experienced but, with a total of only 149 millimetres of rain from June to September, going back as far as 1924 we can only find 1967, 1962, 1961, 1945, 1929 and 1928 which were drier and 1970 which had practically an identical total summer rainfall. However, what really matters is not the total summer rainfall but that part of it which falls in August and September. 1967 had a similar pattern to 1979, with the summer starting dry but gradually getting somewhat wetter. 1970 and 1962 were mixed, with about half the total in each half of the four month period. The other vintages mentioned - the 'greats' of the century - had an August/September period drier than 1979, as did a number of other vintages, including 1978, 1977 and 1966. And of course all the great vintages benefited from a less arctic temperature, and a less plethoric crop.

Conditions for picking in October were only fair. Frequent showers dampened the grapes but there was not enough rain to cause serious rot and the crop came in healthy.

The low rainfall kept the grapes relatively small, so that the colour of the red wines is good. Certainly better than could be expected from a crop of such high yield and perhaps this is the difference between a larger crop due to the number of grapes, as opposed to the size of the grapes. The wines tend to lack fruit and concentration but often have a good length as well as finesse. Inevitably there is a considerable variation from one vat to another, depending on the yield, which in turn relates to factors such as the age of the vines, the grape variety, root stock, etc. Selection at all levels will be important but the overall quality seems that of an extremely useful commercial year with the possibility of finding some wines which, originating from vineyards with a lower than average yield, have a higher than average concentration. They will provide pleasant drinking whilst the superior 1978's are given time to develop their full potential. They are reminiscent of 1967, and it is not unreasonable to compare 1978 and 1979 as a pair to that very successful couple of 1966 and 1967.

The comparison is less valid for white wines. It is early days to taste the finer Sauternes and Barsacs but so far we have not seen any that come up to the exceptionally high standards of 1967 in those areas. The drier wines are clean, light and useful, though often lacking in fruit and bouquet.

The Market

Red Bordeaux

Red Bordeaux had a better year in 1979 than we expected. In our last report we forecast a further fall in total requirements of at least 10%, but the 12 months to the end of August 1979 turned out to be only 2.2% down on the previous 12 months, though we are now over 16% below the record amount of red Bordeaux which left growers' cellars in 1976/77. More important is the fact that the amount which was required (2.1 million hectolitres) is now well below the 2.4 million which can perhaps now be considered a normal crop of A.O.C. red, to say nothing of the 3.3 million hectolitres produced in 1979. The stock at the end of August plus the new crop has sent the total availability up from 26 to 33,7 months requirements.

Within this global situation the position does vary from one sector to another:

-Exports of A.O.C. red were up again, to a record 783.000 hectolitres. Home consumption was down to a level which is now no less than 26% below what was being consumed in 1976/77. But although the St. Emilion region has lost 25% of its 1976/77 home market, sales of Mēdoc and Graves have increased by 41% and the basic category of Bordeaux et Côtes has fallen only 9%. Similarly exports of Bordeaux et Côtes and Mēdoc and Graves have increased by a total of 15% over the last two years, whereas price ambitious St. Emilion has lost nearly 15% of its exports too.

The quality of the 1978 vintage created a lively interest in all categories and by the end of the campaign all red Appellations were fetching about 25% more than at the beginning. In the category of recognised châteaux those who opened at the most reasonable level (amongst them La Lagune, Léoville Barton, Pichon Lalande and Calon Ségur) have allowed early buyers to make a return of nearly 40%, whereas others (Leoville Lascases, Figeac and Pape Clément are examples) came out at much higher prices and have made most of the money themselves.

A buoyant market throughout the year, with prices constantly 10 to 20% higher than seemed reasonable, and which have resulted in a further small slip in sales.

To this situation has been added the large crop of less outstanding wine already discussed. With sales slipping and at a level rather lower than that of an average crop a trimming of prices would have seemed to be commercially sensible, even without the bonus quantity. Growers feel differently, or rather defend the point of view that by opening at the same level as last year with inflation at 12% or so, they are in fact opening at prices that are much lower than 1978. According to Pierre Tari, owner of Chateau Giscours and President of "L'Union des Grands Crus", in constant Franc values an opening ex château price of Frs 28 for a second or third cru of the Mēdoc is almost the exact equivalent of the prices at which 1970's were selling in the spring of 1971. It is difficult to argue against either of these valid points but it is also difficult to believe that at these levels there will be buyers queuing at the door.

It seems red producers have decided to carry on as they would have done if the crop had only been of average size. If they can afford this policy - which at present they can - it is not unreasonable and certainly they have been told often enough that falling prices are as bad for the market as unreasonable increases. But it probably means that business will stagnate. Sales might not fall much further but buyers will be wary, reluctant to hold any stock and lacking the confidence to push red Bordeaux as a good buy. If the flowering goes well and prospects become good for a reasonable sized crop in 1980 a real problem of storage could develop and prices crack. Until then growers seem determined to hold a level which, although justifiable on paper, will tend to block a market which could do with a little stimulation. This is particularly true on the home market which is still responsible for 68% of consumption in the basic category of Bordeaux et Côtes. Latest figures show that whereas total consumption of A.O.C. red wine during the calendar year 1979 increased by a comfortable 5%, the mobile French consumer was abandoning red Bordeaux (down 15% for the calendar year) and making the most of the excellent value available in Beaujolais and Côtes du Rhone (up 42% and 23% respectively).

If a year ago the red Bordeaux market seemed overheated today it appears overloaded. Such an enormous crop was almost bound to produce a degree of indigestion. If Nature doesn't re-establish a balance with a small crop or two, a purge will become necessary and prices will fall. In the meantime at the turn of a decade it is worth looking back over the last ten years and try to get a feeling of where the next lap might take us.

Some of the figures are impressive:	**Total Decade 1960 to 1969**	**Total Decade 1970 to 1979**	**Difference %**
Production Bordeaux red A.O.C.hectolitres	11,850,000	20,704,000	+ 75%
Consumption	10,601,000	17,487,000	+ 65%

If that is the overall development it is also interesting to see who is consuming an annual average now running at some 264 million bottles a year. To compare progress we have taken two photographs, one of sales in 1968/69 and the other 1977/78. (Detailed figures for 1978/79 were not yet available at the time of preparing this report).

A.O.C. RED BORDEAUX

	Consumption 1968/69 Hos	**Consumption 1977/78 Hos**	**Increase**	**1977/78 litres/capita**
Total	1,417,000	2,124,000	+ 50%	
of which France	1,085,880	1,362,497	+ 25%	2.6
Export	331,120	761,503	+ 130%	
of which:				
Benelux	90,676	182,946	+ 102%	1.8
UK	40,986	113,395	+ 177%	0.02
USA	53,365	108,697	+ 104%	0.05
Switzerland	27,953	39,808	+ 42%	0.63
Sweden	21,784	26,141	+ 20%	0.32
Holland	16,988	104,036	+ 512%	0.75
Denmark	9,748	40,392	+ 314%	0.79
Canada	14,670	45,915	+ 213%	0.2
West Germany	13,888	45,626	+ 229%	0.07
Italy	14,208	550	- 96%	-
Norway	7,675	10,209	+ 33%	0.25
rest of world	19,179	43,788	+ 128%	

It should be noted that the home consumption figures include what is lost in evaporation, etc.

Another fascinating and perhaps significant comparison is that of the change in distribution patterns of individual Appellations. Taking Bordeaux Rouge at one end of the scale and St. Julien as an Appellation which consists very largely of Crus Classês and top Bourgeois, things changed as follows:

	Consumption 1968/69	**% of total Consumption**	**Consumption 1977/78**	**% of total Consumption**
Bordeaux Rouge				
Home market	377,960	84%	373,896	63%
Export	72,858	16%	221,293	37%
Total	450,818		595,189	
St. Julien				
Home market	1,167	9%	8,507	29%
Export	12,526	91%	20,897	71%
Total	13,693		29,404	

This would seem to indicate that the French are discovering - and being able to afford - their own great wines, and that foreigners are beginning to discover that you don't have to pay for the tops to enjoy Bordeaux. That seems good for everybody. Except of course if it also means that foreigners can no longer afford the tops!

From such figures it is possible to dream up anything. From starting with a position that if there is not a Third World War there will be a total economic collapse of western civilization, to exotic images of the rest of Europe catching up with Belgium, Belgium approaching France and the USA.....well, to begin with getting to the same per capita consumption as Canada! Waking from such extravagant dreams, there still seems a reasonable chance of a further increase of 50% over the next ten years. In the previous decade - from 1958/59 to 1968/69 - the overall increase was no less than 135%.

Against this background the current high price and high stock position appears less significant but it makes it even more frustrating to be faced with the apparent reluctance of growers to feed a market which is capable of such healthy growth.

Before plunging into the challenging eighties it would be wrong not to salute a decade which has never had its equal for quality. Not a single bad vintage in a decade. And if anybody starts mumbling about 1972 we would like the opportunity of showing them a few which we think will make less bitter the words which will have to be swallowed. The 1970's still want time but the St. Emilions particularly are beginning to show their great warmth. 1971's are now approaching their best and are particularly successful in the Médoc. 1972's are showing the vigour of those who originate from cold climates, the 1973's are providing many charming wines for drinking now and the 1974's, still rather closed up, will soon be providing good drinking in the style of 1967 ......and 1979. 1975's are often tanic still but the best are the best of the decade, whilst 1976 has the balance and elegance if not quite the body of 1966. 1977's undoubtedly are the best buy in Bordeaux today. Of course they need selecting but the best can compete with any vintage of the decade and have a compact balance which will guarantee them an excellent life in bottle. The 1978's are not yet in bottle but have a pleasing fruit, character and length which will give great pleasure in the late eighties. And so to 1979 - which is where we came in. Not a single year of rot and ten consecutive years in which it was possible to make wines of quality, each with its individual character imparted by weather conditions which certainly varied, but never beyond the limits of quality. It has never happened before - and might never happen again.

White Bordeaux

For those who want to find them there are signs of a slight improvement in the white Bordeaux market. This would appear a scandalous claim to a grower of basic white Bordeaux today, unable to sell his wine at a price above that of Vin de Table, but the swinging of a pendulum is discernable at its point well before it is noticed at its base and if the clear improvement in the market for the best wines turns out to be a sound one there is a hope that with that swing will develop at the distributor and consumer level the same degree of recognition of the extraordinary value available throughout the varied spectrum of white Bordeaux.

The most hopeful sign is from Saternes/Barsac. Our prediction that rapidly increasing prices would have an effect on sales has proved totally wrong. They have not significantly increased but they have been maintained and this would seem to signify that there is a sound nucleus of enlightened customers who are not only out for cheap sweet kicks but who are willing to pay a proper price for quality. French consumers too would appear to have rediscovered them. When the hazards of making such wines are considered, together with the fact that they are still only at the same price level of a Macon Blanc, to say that they are getting expensive is a little hasty.

Graves too seems to be establishing itself as a wine of quality. The clear definition which now exists between "Graves" as a dry wine and "Graves Supérieures" as a wine with some sweetness has helped to clarify the image of both. Prices have come back appreciably from the very high level which was necessary to reduce demand to a level compatible with the reduced availability following the 1977 and 1978 vintages, but if they can now be maintained both growers and consumers should be satisfied.

It is below this level that the problems still exist, and of course Graves and Sauternes only represent a small fraction of total production. Entre Deux Mers was showing signs of pulling away from the crowd until, drawn by the emerging demand, growers declared far too much of their production under that Appellation in 1978 so that prices were forced down by the sheer weight of volume. Entre Deux

Mers must be the only Appellation in France which has declared nearly 50% less wine in 1979 than in 1978. But it is beginning to get some recognition in France as a clean, dry white wine and with patience this could build and spread abroad. The wines are excellent value. So too are well made Bordeaux Blancs but as they now consist of everything that is left after the individual areas have endowed themselves with an identifiable character, they inevitably still lack identification. There could be no better source for a brand owner looking for an area from which to create his own image. Wines are available ranging from dry to medium sweet, prices are hardly above those of Vin de Table and the scope for increasing production to keep up with demand is considerable. As has already been pointed out half the crop was declared as Vin de Table but nearly all of this could be made into A.O.C. Bordeaux if the market could use it. If things are getting better at the top it seems it will be a long time before the problems are solved at the base.

BURGUNDY

Beaujolais-Maconnais

For the third successive year Beaujolais has produced the maximum of its permitted yield and with a total declared crop of 1.2 million hectolitres (Beaujolais plus Crus) 1979 has provided the fourth largest crop out of the last six years. Those who enjoy "figure picking" will be surprised to notice that the total crop of A.O.C. plus Vin de Table is less than in 1973, in spite of the fact that some 2,000 hectares have been brought into production during the last six years. This is a reflection of the new laws which make it illegal to produce both A.O.C. and Vin de Table on the same plot of land and which threaten the grower with declassification of his entire crop if his yield is excessive. The sought effect of this sensible legislation is to oblige growers to prune vigorously but also to thin the crop in the summer if the yield looks too high and thereby hopefully to improve the quality of what is left. Too often the obtained result in 1979 was that some growers just left part of the crop on the vine. This has the wanted effect on the yield, but not on the quality! Occasionally, but only very occasionally, it is not impossible to feel a certain sympathy for the clever people who dream up the legislation to confound the scheming grower. Admiration for the genius of those who bamboozle them soon drowns the sympathy - and so does the hilarity of the stories of what goes on in and around those dark, damp cellars, overflowing with the pride and joy of Clochemerle.

The quality of 1979 Beaujolais is less regular than that of 1978 and there is a larger proportion of the crop which is too light for export. But there is also plenty of wine of a good quality and some excellent Beaujolais Villages. The large crop has kept prices extraordinarily stable and this is the forth consecutive year that they have remained at much the same level. This is even more extraordinary when it is remembered that the area has no difficulty in selling a large year's production within 12 months and that at the end of the campaign, before the new crop comes in, there is only 3 to 4 months stock available. With both home and export markets booming one small crop would cause a real problem - and so would a year of poor quality. If there is little reason for holding a stock of Bordeaux at present there is every reason for covering forward with Beaujolais.

With 38.000 hectolitres of Pouilly Fuissé and 129.000 of Macon/Macon Villages it was the largest white crop in the area since the enormous production in 1973. The wines are light, sometimes elegant but often fragile and lacking warmth. The immediate effect of the large crop was to bring prices tumbling by 25% to 30%. In spite of this it is easier to find wine today than it was a year ago and as seemed inevitable there must be a good deal of overpriced Pouilly Fuissé in the distribution pipeline which is likely to slow consumption for some time. However, growers sensibly held little back at last year's prices, there is little stock at that level, so a further fall in price before the next vintage seems unlikely. Whether it will happen then will depend on the size of the crop and whether the over-priced merchandise has yet been digested. It would appear, but there are no figures to substantiate the theory, that it was above all the British and not the U.S.A. which lost their head and overbought this time.

Côte d'Or

A crop of 342,579 hectolitres of Appellation Contrôlée wine makes it the second largest crop on record, the quantity only having been exceeded in 1973. As in Beaujolais, it can be considered that the area produced the maximum permitted under the current legislation.

The red wines have a good colour, are clean and often show real character. As in Bordeaux they tend to lack the fat and concentration of 1978 which produced 30% less and which also benefited from a warmer summer. The whites seem a little hollow but the best are stylish and quick maturing wines which, if bottled early will give satisfaction.

The Côte d'Or is such a micro market that it sometimes gives the impression of slipping through the net of economic reality. There are 58 different Appellations specific to the Côte d'Or but only 27 of them produce as much as most of the Crus Classés in Bordeaux produce each and individually. Only very few growers produce more than a few hundred cases each. Perhaps under these circumstances the fact that exports during 1979 were well down on the previous year and that the usually accurate consumer panel showed home consumption down by over 30% (though this only takes into account home drinking and not restaurants) need worry nobody. Certainly with 1979's opening at the same very high level as the superior 1978's growers seem confident that their prices are justified and, as in Bordeaux, reason that within inflation this is in fact equivalent to reducing prices by 12% or so. True,but it remains to be seen whether there will be a market at this level. As the wines of the Côte d'Or find their rightful place as highly individual luxury items they are disappearing from many lists in their generic form, and this makes them more easily dispensable. In the meantime the problem on the Côte d'Or remains that of finding wines of the top quality to justify the top prices being asked. They are so rare that when they can be found quibbling over price becomes superfluous.

Chablis

The crop of nearly 115,000 hectolitres is not far from double that of the previous record holder (62,000 hectolitres in 1976). The crop produced nearly 2.5 times as much wine as left growers' cellars in the previous twelve months.

As we have often pointed out in the past the situation in Chablis is quite different to that of any other well known Appellation. In the thirteen years from 1966 to 1979 the area planted has increased from some 600 hectares to 1.600. No other well known Appellation has been able to increase to anything like this extent and the process is by no means yet completed. Particularly susceptible to frost damage to production does tend to vary more than any other area but a normal crop must now be considered to be about 80.000 hectolitres and growers should be thinking of a price structure capable of selling this sort of quantity. Last year's crazy level was bound to crash and opening prices for 1979's are 40% below the average campaign for the 1978's.As forecast last year, and similarly to Pouilly Fuissé distribution is to some extent choked by what was bought at inflated prices last year and it will take many months to absorb the large crop of 1979.Whether prices will hold at the current level or slip further will partly depend on prospects for the 1980 crop but they are certainly more likely to do that than to increase.

The wines are light, clean and pleasing but tend to lack character.

Rhone

10.000 hectolitres only behind the record breaking 1978 crop, a total of 1.6 million hectolitres of Côtes du Rhone and Côtes du Rhone Villages compensated for the 1.4 million hectolitres which left growers' cellars. Sales increased by over 17% but still did not reach the record level of 1974/75. However, it is clear that sales are now well on their way to recovering after the drop which resulted from exaggerated prices of the 1976's and 1977's. Prices have remained reasonable and sales on the home market particularly are likely to continue to increase. The quality is very satisfactory and if there is a single Appellation which can be sold with enthusiasm and confidence it must again be Côtes du Rhone. Soon the rate of sales is likely to overtake that of production but unless there is a considerable disaster (which is rare in the Mediterranean climate of the Rhone Valley) there is enough stock to ensure that prices will remain reasonable for the next twelve months at least.

Chateauneuf du Pape maintains its comfortable balance of sales and stocks, each being very close to a year's production. Although prices took a jump last year, sales increased by 12% but the record crop of 99.000 hectolitres compensated for the 94.000 which were sold. Prices for 1979's are opening at much the same level as last year and, compared to Burgundy anyway, are reasonable. They are more likely to increase than to decrease. The wines have an excellent colour, are solid and sound if, as elsewhere, lacking a little concentration.

CONCLUSION

Another large crop which, though less outstanding than 1978, is of sound and useful quality. Exactly the vintage which was necessary to contain prices everywhere, and to bring them down in those areas where they clearly had gone beyond reason. In other areas it is not yet clear whether they had got beyond reason or not. Growers of red Bordeaux and of the Côte d'Or have decided to maintain prices at a level they think is justified and which they think the market will ultimately accept. They could have afforded to start the campaign 10% to 15% lower and this would have been psychologically and commercially sensible, but they do not need money and have decided to stick it out. We are now entering the dangerous period of the risk of spring frosts and uncertain conditions for the flowering. Two courses seem possible. If the flowering goes well and in four months time the crop looks of at least average size it seems very unlikely that red Bordeaux or Côte d'Or prices can hold. If prospects for a reasonable crop become poor, current prices will become justified. The danger will then be that growers will consider it an excuse to go even higher. If that happens we will be heading for a crash in a year or two. In the meantime Beaujolais, Côtes du Rhone and white Bordeaux are all outstanding value.

So even with another record crop the pressure remains on prices, and there would still appear to be a shortage of quality wine. This at the end of a decade in which far more quality wine has been made than ever before. The comparison of total still Appellation wine sales in 1970 to 1979 shows an increase of nearly 4 million hectolitres. Exports increased from 1.5 to 3.2 million and home consumption increased by some 2 million. The market now requires at least 12 million hectolitres of A.O.C. wine per year. It is worth remembering that throughout the 1950's the average production of A.O.C. was less than half of today's annual requirement, during the 1960's it never reached 10 million hectolitres and that the 1970 crop, which only ten years ago was considered exceptionally large, produced less than is now required annually. At the current rate of sales, only exceptionally large crops replace what has left growers' cellars during the previous 12 months. The real nightmare for a merchant is not the 10% to 15% which could be taken off some vineyard prices today but what would happen tomorrow if we had two consecutive crops which were deficient in quantity or quality.

The problem is not insoluble but it will not be solved by screaming at growers that they should sell their wine below the price they are offered. Like oil, it is a question of finding alternative sources of energy. Some, mainly out of spite, will make a point of looking for them outside France, but, for those who want to know, the quality available from the Mediterranean areas of France, whether in the form of lesser known A.O.C., V.D.Q.S., Vins de Pays or well selected Vins de Table, is remarkable and in value for money terms can stand up to competition from Italy, California or anywhere else. The effort being made is similar to that which must have been made in Bordeaux in the second half of the eighteenth century. Until then Bordeaux had flourished not because its wines were better than the competition but because it had for centuries benefited from a privileged and intensely protected trading position. It was not until these advantages disappeared and competition was introduced that Bordeaux, in order to survive, was obliged to develop a quality of wine which could survive on its merits. With consumption of Vin de Table falling in France at a rather greater speed than that at which the demand for quality wine is increasing, and the frontiers open to competition from Italy and soon from Spain, the Midi knows, as Bordeaux knew 200 years ago, that it has the choice of producing wines of quality or of pulling up its vines. At production level the challenge is being met.

The wines are available, demand is booming. The situation provides the trade with a challenging and exciting start to a new decade.

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