



ESTABLISHED 1883

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BORDEAUX, October, 1967

VINTAGE AND MARKET REPORT

BORDEAUX

Quantity:

Exact figures for the 1967 vintage will not be available until early December, but it is likely that the crop will, over all, be somewhat larger than last year. We expect it to reach 3,500,000 hectolitres of Appellation Contrôlée wine and this would place it second to 1962 (3,700,000 hectos) since the frosts of 1956. In fact, as the graph inside shews, this would make it the second largest crop for the last twenty years.

Quality:

The weather, until the end of August, was virtually ideal. Rainfall during the months of June, July and August was well below average each month and there was steady, warm sunshine without the excessive heat that ultimately can destroy some of the finesse of fine Claret. It has been the driest years of the century (1961, 1928, 1929) that have provided the greatest wines, not the hottest (1949, 1947, 1959). September and the first half of October once again brought home the cruel fact that vines are quite as vulnerable as eggs, and how dangerous it is to prognosticate. The weather was by no means disastrous and though the rainfall was only marginally above average, the 73 millimetres that fell in September was more than the total that had fallen during the previous three months. The average temperature, too, was only slightly below normal, but it was enough to prevent the red grapes from reaching full maturity. Undoubtedly, the large crop, with grapes swollen by the September rain, also had a good deal to do with the fact that the sugar content was rather below what was hoped for. In years of small quantity, such as 1961, when the vine has less fruit to feed, full maturity is inevitably attained more easily than in highly productive years. The weather during the picking, which started generally for the red wines during the week of the 25th September, was mixed. There was no continuous torrential rain, as in 1964, but fine sunny days were interspersed with days of heavy showers. Chaptalisation was authorised and probably everybody had to resort to it, to a greater or lesser extent.

Once again, therefore, the great optimism that had justifiably developed as a result of the excellent conditions of the first three months of the summer had been dampened by the less ideal conditions of the last lap. The red wines will certainly be useful but we doubt whether generally they will attain the level of 1966. Saint-Emilion could prove the exception to this however; with their large proportion of Merlot grape, which ripens more easily than the Cabernet, it is possible that the wines will be relatively more successful than those of the Médoc. Generally—and at this stage it is obviously only possible to talk in wide generalities—we expect the red wines to be relatively light in colour, with a good deal of finesse and elegance but with a certain lack of weight that will exclude them from any claim to being “the wine of the century”.

Over-ripeness and lack of acidity too often prevent the dry white wines of Bordeaux from being taken seriously. Nearly all the fine dry wine-producing areas are in latitudes further north than Bordeaux and too often it is acidity that is lacking in these wines, rather than sugar or alcohol. White grapes do not, for the production of dry wine, require as much sun as red grapes. Dry white wines, well made, can therefore be expected to be good this year. Success will depend to a great extent on the vinification, but those who picked their grapes early enough for the acidity to be still sufficient to give the wines the liveliness and freshness they must have, should make excellent wines.

Fine wine production is a hazardous business in all areas but nowhere are the growers at the mercy of the weather to the extent of those of Sauternes. Production of good Sauternes, and other sweet wines, is dependent to a large extent on the weather during the picking. The weather during the rest of the Summer is perhaps as important as for red wines but fine weather at the end of the season, so that the “pourriture noble” has an opportunity to concentrate the must without being overtaken by the ignoble “pourriture grise”, is of prime importance. Following the belt of unsettled

weather during the first week of October, Bordeaux has enjoyed an Indian Summer of bright sunny days often following damp, misty dawns—conditions ideal for the “pourriture noble” and for the production of fine Sauternes. There is every reason to expect wines of outstanding quality, with a perfect natural balance.

The Market :

As we have repeated frequently in our recent market reports, the Bordeaux market has been in need of two consecutive vintages, of both reasonable quantity and reasonable quality, to stabilize prices. We now have them. For the first time since 1952/53 a buyers' market can be expected to develop. It cannot however be expected that prices will drop overnight, or equally in all categories.

Broadly, Bordeaux wines fall into three categories—the classed growths and top bourgeois, the smaller bourgeois and artisan growths, and the cheaper category of Bordeaux Rouge and Bordeaux Blanc (which for this purpose can include Entre Deux-Mers, Bourg, Blaye and similar areas). This last category makes up something over half of the total Bordeaux production. Prices, particularly for white wines, are already low. Their level is not only affected by the demand for Bordeaux wines but also by the much wider situation of supply of low-priced wine in France as a whole. Unlike the other categories, the demand is not primarily dependent on the export markets, but on the internal market of the large quantities necessary to supply the Frenchman with his average daily bottle. High prices in such areas as Beaujolais, Côtes du Rhône, Mâcon and Muscadet, to say nothing of import and blending restrictions on wines from Algeria, are a more potent factor than the demand for Bordeaux as such. The crop in many of these areas has been small, buyers in the Midi have already been active in Bordeaux and it would be wrong to expect or forecast any reduction in this category.

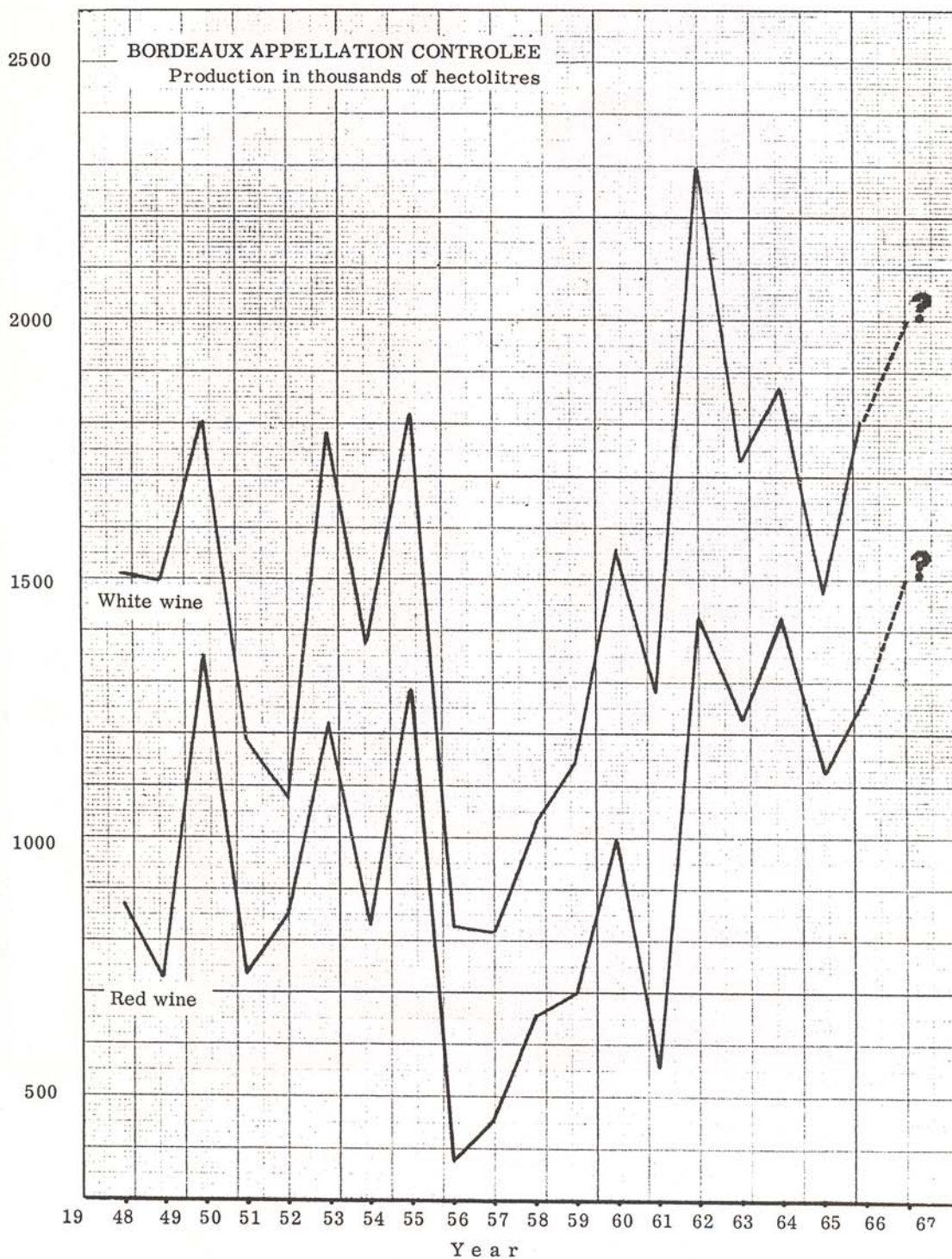
The wide middle range, some of which reach the market under their individual vineyard names but most of which do so in shippers' generic blends, is more vulnerable to the present situation. Knowing the great attraction of the word “château” on a label, and the importance of price stability for their generic wines, shippers have had to squeeze hard in recent years in order to keep their wines down to a price that enables them to compete with those wines they have selected to sell under the individual vineyard name. It is unlikely therefore that there will be any price reduction in shippers' generic blends but they will be able to maintain quality more easily than in recent years. It would be reasonable to expect some easing of prices for individual vineyard wines, and certainly the higher one goes in this category, the greater the percentage reduction is likely to be. It is those vineyards which produce good wine, often as good as those of our top category, but which do not have well-known names, that will find it most difficult to maintain their present prices.

The top category, of well-known châteaux, are a law unto themselves. They represent an insignificant proportion of the Bordeaux production but it is by their prices that, too often, prices of all Bordeaux wines are judged. Prices have increased sixfold over the last fifteen years—whereas bourgeois have merely quadrupled, and Sauternes barely doubled—but still the demand seems constant (in fact considerably greater than fifteen years ago). Many Claret enthusiasts are despairing of ever being able to afford another bottle, but somebody is drinking them—and everybody knows who. It is of little comfort to a European that for the price of a case of 1961 Lafite we can cross the Atlantic to join them—and have two bottles change. How much even the United States can absorb at the present price level is doubtful; there are still good stocks in Bordeaux of both 1964 and 1966 and it seems likely that there will be some easing in this category. How much, will depend to some extent on individual growths. Many have increased their production considerably during recent years and it is these that are likely to find most difficulty in maintaining their present level.

As can be seen from the graph opposite, it was the “hole” in production caused by the small crops of 1956 to 1961 that created the shortage, leading to the high prices that have since reigned for fashionable vintages. That “hole” is now amply filled, stocks are good and, more important, the quality of those stocks is high.

How growers will react to the new position is uncertain. Logically, with a good stock of good wine available, it should be possible to expect the market to open at prices well below those of last year. Unfortunately, it is possible that growers will be unwilling to admit to their new wealth and that the atmosphere of a Dutch auction will prevail—with prices opening only slightly below those of 1966 and tending gradually, and painfully, to slip. If this is so, the market will remain as sluggish as it has been

There has been speculation on what effect the good crop this year will have on prices of 1966's. We think it most unlikely that any effect will be apparent for some time. By the time the market for 1967 has established itself, 1966's will be ready for bottling, the main "campaign" will be over and the market for them will be in that state of vacuum that tends to exist between the end of the bulk campaign and before the bottle market has been created. Shippers will probably be able to buy 1966's at prices below those they have been paying so far but it will be for the anonymous wines, destined for generic blends, from châteaux that have no early buyers or "name" to defend. It will only be from 1969 onwards that the effect will become apparent, and at that time we would expect 1966's to become available in bottle at prices hardly higher than their equivalent opening bulk price.



BURGUNDY

Cote d'Or :

Appreciable local damage was suffered in the Côte de Beaune by both hail and frost in the late Spring. Amongst the worst hit communes were Meursault, Puligny and Mercurey. In these areas the crop is well below average and, overall in the Côte d'Or it is likely to be just below average—or about 15% below that of last year.

The wines are expected to have finesse but to be lighter than last year and generally of less quality.

The Côte d'Or has justified its name—not only by the splendour of its Autumn foliage, but also by the scarcity value of its product. There is a constant pressure of demand for its tiny production and there seems little hope of prices ever coming down. Quality is of little account in the Burgundy market and prices depend almost entirely on the quantity available to satisfy an insatiable demand. Prices of 1967 are therefore likely to open at least as high as 1966, and are very likely to be even higher.

Stocks of 1966 are already very low and bulk buyers who have not already bought all they can afford would be well advised to give the matter urgent attention.

Chablis :

The Chablis market is as lively as its wines. Its total production is approximately the same as that of Cérons and its vulnerability to frost damage well known. After last year's record crop of 35,000 hectolitres, this year is likely to fall to a mere average 25,000. There is no stock of 1966 at the property and demand for the 1967 is going to be extremely brisk. One French merchant is already reported to have bought 2,000 hectolitres and to require as much again. The Chablis market is greatly affected by the availability of such wines as Mâcon, Pouilly Fuissé and Muscadet and as all of these will be in short supply this year, the Chablis crop is likely to be absorbed within a few months. Brokers claim that they already have more firm orders than they can possibly fulfil.

Having learnt their lesson in the years 1959 to 1961 when high prices resulted in the Chablis growers losing much of their market to Pouilly Fuissé and Muscadet, prices in view of the extreme shortage, are not unreasonable. They are likely to be some 20% higher than those of 1966—but this leaves them appreciably cheaper than 1959's or 1961's. The quality is good.

South Burgundy :

The Beaujolais crop is likely to be approximately 650,000 hectolitres, as opposed to 900,000 last year—a drop of over 25%. The wines are reported to have good colour and to be bigger, stronger wines than those of 1966. They will be closer to the British market's taste in Beaujolais than the lighter wines of last year, which was more the type of "vin de l'année" so much appreciated in France. The market is, so far, quiet but it is feared that prices will be appreciably higher than last year.

Pouilly Fuissé and Mâcon were the areas that suffered most from the Spring frosts and hail storms. At Pouilly a normal crop of about 35,000 hectolitres has been reduced to approximately one-third of that amount and at Mâcon the 35,000 hectos they expect to have made represents only 20% of a normal crop. There will be no open market for these wines and growers will almost certainly ration out what they have to those who have been faithful customers in the past. Prices will not be low.

If a buyers' market has developed in Bordeaux, the opposite is true of Burgundy. Not that shortage of wine is anything new in Burgundy, but the position has become, because of the small crop, even more difficult.