

FINANCE: FINE WINE

PARKER POWER? Investors should now put brand and price before Parker scores, following the trend of Bordeaux's shifting consumer base

DECEMBER IS, perhaps counter-intuitively, the quietest month of the year for the fine wine trade. The funds are generally the exception to this rule, forever seeking out opportunities. And so it was this year with volumes up 76% in December. The Liv-ex 100 broke its four-month losing streak, putting in a small year-end rally with a rise of 0.8%, taking the FY2007 performance to 40.1%.

We are often asked about the influence of Parker and clearly he remains very influential, but there is no doubt that his powers are on the wane. This has nothing to do with his tasting ability, just that there has been a shift in Bordeaux's consumer base from west to east and the Chinese don't follow Robert Parker (or even vintage), they follow the name. Carruades de Lafite – the best performing wine in 2007 – has only once been scored more than 90 points by Parker and all vintages trade at comparable prices regardless of quality. Go to Google Trends and type in the search term "Robert Parker wine" and unsurprisingly the US, Canada, Australia and the UK top the list for this search term. Type in Bordeaux wine or Lafite, however, and the top spots are dominated by Hong Kong, Singapore and Malaysia, while the US and the UK slip down the list.

In this vein picking the right brands will probably be key to 2008. Last month we summarised the leading brands of 2007 – Mouton and Lafite lead the pack, Mission Haut-Brion stormed up the charts and Carruades Lafite took the honours on price performance. Missing from the list were second

growths. Contrarians will be asking why they have been left behind and with various vintages of Pichon Lalande appearing among the best performing wines in December, perhaps something is already afoot. Indeed, the second growths – with strong name recognition – seem well placed to benefit. In terms of trade on Liv-ex, these names are active, but in terms of price performance, they lagged well behind. Léoville Las Cases was 80th, for example, and Cos d'Estournel 108th.

As the market continues to mature and more investment money takes the first growths beyond the reach of most mortals, merchants will need to be stocked with good names at marketable price points. This will mean that the quality of vintages becomes less important, while brand and price takes over. China and the Carruades Lafite story is a shining example of this. One could run through many top names here, but for now let us focus on Pichon Lalande. The second growths fall between two stools – the drinker and the investor. Top years get top marks and are sucked up by the funds leaving the lesser years looking very cheap relative to the stars.

In the table here, we have listed the last 11 vintages of Pichon Lalande with Parker scores, current market price and our own measure of value, the POP ratio.

Vintages with scores of 96-100 make them targets for the wine funds and are getting comfortable at the £1,200-1,500 level. The 90-95 category is one where funds might dabble (if the vintage supports it), but certainly where

merchants feel comfortable recommending the wines. It is these wines that could easily be repriced at the half-way mark of £750 (note the 2003 and the over priced 2005). This will get them on to the dining room table at somewhere between £75-85, not outrageous for a second growth. Western buyers will find further comfort in the fact that these wines achieve an "outstanding" score from Mr Parker!

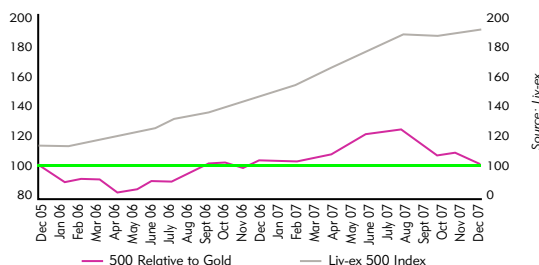
Vintage	RP Score*	Price £	POP
1995	96	1,200	75
1996	96	1,200	75
1997	88	450	56
1998	88	550	69
1999	87	400	57
2000	97	1,450	85
2001	93	515	40
2002	94	450	32
2003	95	750	50
2004	92	455	38
2005	88-90	750	83

* Erbertparker.com

Source: Liv-ex

THE LIV-EX 500 series & relative to gold

The Liv-ex 500 composite index tracks the world's top 500 wines from the most celebrated regions and vintages. Prices reflect the best offer or last trade from the UK's leading merchants. The index value was 100 in May 2001.



Source: Liv-ex

THE LIV-EX 500 & Components

	Current	6 mth ago	1 yr	2 yr
Bordeaux, red	230.07	193.93	159.95	116.00
Bordeaux, white	146.97	135.35	127.22	110.78
Burgundy	183.38	163.31	131.86	110.78
Port	125.37	122.05	117.44	105.53
Champagne	201.62	162.40	143.63	115.82
Composite	188.91	177.75	145.68	113.09

Source: Liv-ex

Liv-ex – The London International Vintners Exchange

Liv-ex is an independent trading and settlement platform for the fine wine trade. For prices and other market information visit www.liv-ex.com



RISING STARS

Bordeaux, red	1982	1983	1986	1989	1990	1995	1996	1998	2000	2003
Ausone	3,643	1,965	1,671	1,695	3,000	3,000	2,850	4,850	13,775	12,860
Calon Segur	1,295	388	773	650	950	495	520	348	570	444
Cantemerle	395	376	300	500	360	200	275	118	180	125
Cheval Blanc	8,025	3,450	2,066	2,963	9,600	2,400	1,800	5,250	7,500	1,750
Conseillante	2,963	739	750	2,300	3,099	530	482	670	1,350	330
Cos d' Estournel	2,200	625	995	795	1,500	820	750	420	620	1,275
Ducru Beaucaillou	1,500	500	817	600	650	880	795	425	865	750
Figeac	1,668	700	660	715	937	700	587	595	530	360
Grand Puy Lacoste	1,250	450	723	580	1,095	660	615	250	510	250
Gruaud Larose	2,250	565	1,070	620	1,150	476	440	440	640	280
Haut Brion	6,000	1,350	2,450	9,300	5,400	2,580	2,200	2,750	5,000	2,150
Lafite Rothschild	17,000	3,450	8,300	3,250	4,500	3,800	6,730	4,380	9,650	6,740
Lafleur	21,000	4,800	4,015	9,000	10,900	2,800	2,040	3,212	15,175	5,396
Lagune	695	360	420	520	600	330	275	269	265	195
Latour	14,400	1,950	2,750	2,450	6,000	3,400	5,600	1,900	8,000	6,900
Léoville Barton	1,250	495	750	720	1,100	600	546	375	850	750
Léoville Las Cases	3,850	600	2,570	980	2,087	995	1,600	560	2,350	1,100
Léoville Poyferre	1,481	510	565	680	1,448	470	544	320	650	790
Lynch Bages	1,900	886	900	1,600	1,600	735	850	408	1,050	395
Margaux	7,100	4,300	4,500	3,100	8,400	3,200	5,000	1,800	7,500	5,000
Mission Haut Brion	8,000	975	1,350	8,400	3,250	1,150	740	1,150	5,300	1,080
Montrose	1,150	550	720	1,740	2,950	600	570	492	964	1,500
Mouton Rothschild	8,800	1,650	6,116	1,900	1,560	2,300	2,350	2,550	5,400	2,200
Palmer	1,150	2,400	875	1,848	1,350	780	825	770	1,200	660
Pétrus	30,000	6,509	7,500	25,000	28,729	11,800	7,800	19,800	29,000	14,400
Pichon Baron	1,024	420	650	1,495	1,595	470	550	380	850	520
Pichon Lande	3,750	1,000	1,260	995	950	1,116	1,190	546	1,071	730
Pin	38,000	7,500	7,800	12,709	20,138	8,250	7,800	14,890	19,360	NA
Talbot	1,300	759	910	540	580	467	450	344	410	264
Vieux Château Certan	1,120	650	978	875	1,050	525	450	1,017	800	400
Bordeaux, white	1983	1986	1988	1989	1990	1996	1997	2001	2003	
Climens	875	695	580	660	800	395	440	2,295	595	
Rieussec	756	420	480	465	554	260	340	750	300	
Suduiraut	360	370	365	339	335	240	290	557	275	
Yquem	3,319	2,550	2,809	2,862	2,900	1,720	1,713	3,850	1,550	
Burgundy	1985	1988	1989	1990	1995	1996	1998	1999	2002	
Comte de Vögué, Bonnes Mares	3,750	1,400	1,548	2,778	1,320	1,803	1,400	1,432	1,685	
Comte Lafon, Meursault Charmes	NA	NA	2,401	2,007	2,065	900	1,260	1,500		
DRC, Assortment	26,946	3,600	29,641	24,965	10,000	11,400	7,200	19,000	9,750	
DRC, Montrachet (1x75cl)	1,350	1,150	1,750	2,000	2,500	1,650	1,000	1,932	1,450	
DRC, Romanée Conti (1x75cl)	7,628	3,700	3,950	6,950	3,094	3,500	3,200	3,900	3,000	
Rousseau A, Chambertin	NA	5,400	NA	4,500	1,621	2,500	1,695	1,900	2,750	
Rousseau A, Clos Roche	2,773	1,350	1,688	1,950	1,091	684	360	660	575	
Champagne	1982	1985	1989	1990	1995	1996	1998	1999		
Dom Pérignon	1,695	1,790	NA	1,650	840	1,250	695	NA		
Krug	1,788	1,985	1,595	1,900	950	2,000	NA	NA		
Louis Roederer Cristal	2,500	3,200	2,940	3,250	1,500	2,619	NA	1,780		
Other	1985	1988	1989	1990	1995	1996	1997	1998	1999	2000
Ornellaia	849	596	936	1,017	340	220	220	470	270	350
Tignanello	887	977	692	1,943	1,295	760	760	960	840	700
Beaucastel, CNDP	960	534	2,187	2,389	1,080	720	720	1,442	1,350	1,075
Chapoutier, Ermitage Pavillon	6,086	4,056	6,132	6,132	2,100	1,300	1,300	2,400	4,400	1,260
Chave, Hermitage	650	592	1,850	4,400	360	310	310	420	380	348
Guigal E, Côte Rôtie Mouline	1,500	1,686	1,551	1,789	1,936	1,696	1,696	1,641	1,816	1,740
Jaboulet Aîné, Hermitage Chapelle	760	1,100	982	1,495	950	673	673	1,025	788	980
Opus One	11,410	2,400	1,050	2,473	1,050	810	810	1,090	895	840
Penfolds, Grange	1,149	880	739	1,100	565	540	540	432	490	420
Rayas, CNDP	1,450	2,061	1,350	2,600	1,642	1,550	1,550	1,713	1,200	1,250
Sassicaia	3,500	2,400	3,723	9,517	3,575	727	727	1,499	990	1,243
Vieux Télégraphe, CNDP	360	408	725	497	320	264	320	330	210	236
Port	1963	1966	1970	1977	1983	1985	1994	1997	2000	2003
Dow	1,140	1,120	740	577	380	350	350	277	295	375
Fonseca	1,750	1,250	1,100	950	420	475	475	375	471	420
Graham	1,500	1,100	900	640	420	480	480	285	495	395
Quinta do Noval	740	1,100	525	690	370	280	280	1,891	440	545
Taylor	1,500	1,050	840	750	370	480	480	395	500	420
Warre	980	890	600	495	360	320	320	240	315	330