

FINANCE: FINE WINE

# The famous '05s

Despite recession fears February's fine wine market showed its second highest level ever, with the 2005s stealing the show

**FEBRUARY WAS** a return to form for the fine wine market. Fears over the credit crunch and a potential recession linger, but wine prices have remained remarkably resilient. Trade was heavy, up 95% compared to last year, with strong representation from both traditional merchants and investors. The Liv-ex 100 put in its third (and largest) consecutive month of growth, up 2.6% to 246.8 – its second highest level ever and just one point below the record set last July.

Much of the action in Bordeaux was centred on wines from 1996 and 2000, with the pair constituting around 40% of total trade. Strong availability of first growths in these years drove the action and it's clear that investors are willing to bid heavily when firsts from strong vintages appear on the exchange.

In terms of price movement, the month was owned by the 2005s. The big winners were the eight wines given the magic three-figure score by the *Wine Spectator*, with James Suckling's scores arriving mid month. The Left Bank's Léoville Las Cases, Haut-Brion, Haut-Brion Blanc and Margaux all made good gains on the back of perfect scores as did Pétrus, L'Évangile, Lafleur and Ausone from the Right.

With 18 months of price data to consider it is clear that despite the high opening prices of the 2005s they have proved a shrewd investment so far – particularly the first growths and the Right Bank superstars, Pétrus and Ausone.

By creating an index from the top 10 wines from the 2005 vintage since July 2006 it is possible to track their performance against the same wines in the other three major

investment vintages of recent years – 1996, 2000 and 2003.

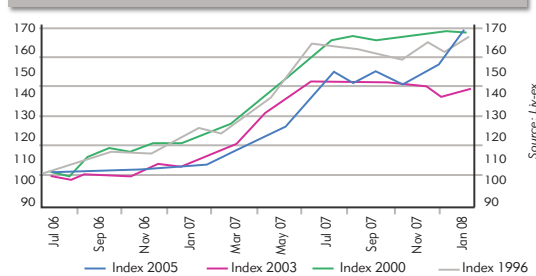
We can see that in the early months following release, the wine trade looked at the 2005s with some suspicion, concentrating instead on the excellent 1996s and 2000s that seemed comparatively cheap. In the past six months, that situation has swung around remarkably.

Propelled by a perfect storm of strong scores, increasing demand and relatively low levels of availability as many investors and merchants hold tight, prices increased 12% in February alone. 2005 is now the vintage that has seen the largest price increase in the past 18 months, after being the slowest grower for the majority of that time.

So have they reached their medium-term peak? The key to future pricing is surely Parker's final in-bottle scores. Following their enormous 12-month gains, the majority of the bigger name wines are already priced for the top end, if not the very top, of their score ranges. That doesn't mean, however, that a number of wines outside the top names could not move considerably on the back of strong scores – a pattern we saw following the release of the final *Wine Spectator* ratings.

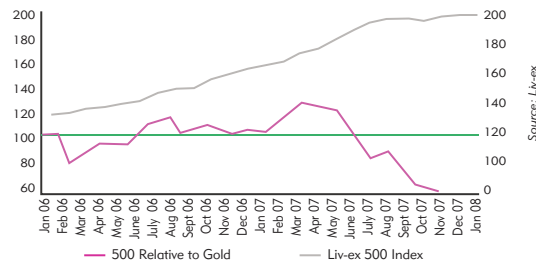
Intriguingly, the sudden upwards burst of the 2005s has brought the 2003 vintage back into play as a potential buy. Even if you account for residual concerns over the longevity of the wines from this famously hot year, there are a number of top-scoring wines – Latour, Lafite and Ausone all scored 100 points – that are looking increasingly underpriced.

LIV-EX INDICES REBASED AT 100 ON JULY 2006



## 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.



## THE LIV-EX 500 & Components

	Current	6 mth ago	1 yr	2 yr
Rbord	204.46	201.55	168.21	123.34
Wbord	144.60	145.28	126.78	108.74
Burgundy	188.80	176.04	155.91	111.14
Port	124.83	126.69	120.59	104.54
Champagne	212.82	162.40	152.10	117.88
Composite	192.08	186.71	153.97	118.44

### 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](http://www.liv-ex.com)



## RISING STARS

	1982	1983	1986	1989	1990	1995	1996	1998	2000	2003
<b>Bordeaux, red</b>										
Ausone	3,300	1,965	1,100	1,500	3,045	2,850	2,612	4,600	13,900	12,850
Calon Segur	1,150	437	773	550	857	495	495	325	570	444
Cantemerle	395	376	300	465	360	210	270	175	195	115
Cheval Blanc	8,400	3,450	2,100	2,700	9,700	2,350	1,750	5,200	7,600	1,720
Conseillante	2,976	767	534	2,300	2,350	520	516	688	1,288	411
Cos d' Estournel	2,300	520	950	840	1,475	815	750	420	620	1,175
Ducru Beaucaillou	1,650	540	822	595	650	860	875	420	835	780
Figeac	1,748	700	625	822	1,250	695	608	519	567	360
Grand Puy Lacoste	1,550	450	720	570	1,095	660	660	275	466	270
Gruaud Larose	2,250	620	1,075	620	1,100	480	460	330	625	300
Haut Brion	6,000	1,420	2,300	8,900	5,200	2,450	2,200	2,695	4,950	2,150
Lafite Rothschild	18,800	3,521	8,250	3,250	4,000	3,600	6,500	4,200	10,000	6,700
Lafleur	21,000	5,000	3,300	9,000	13,596	2,650	2,156	3,200	14,800	5,600
Lagune	933	360	375	520	600	340	300	260	296	235
Latour	14,250	1,950	2,750	2,450	6,100	3,500	5,400	1,825	8,000	7,100
Léoville Barton	1,250	475	725	825	1,075	575	580	400	850	780
Léoville Las Cases	3,800	680	2,950	1,050	2,100	967	1,650	550	2,300	1,075
Léoville Poyferre	1,440	808	599	666	1,345	475	575	320	680	795
Lynch Bages	1,850	828	950	1,600	1,600	725	850	480	1,050	420
Marquaux	7,850	4,300	4,350	2,850	8,000	3,150	5,150	1,800	6,975	5,200
Mission Haut Brion	7,750	975	1,200	7,800	2,950	1,150	790	1,100	5,250	1,080
Montrose	1,100	550	720	1,740	2,950	620	550	437	980	1,595
Mouton Rothschild	8,880	1,680	6,100	1,850	1,700	2,250	2,290	2,400	5,370	2,380
Palmer	1,250	2,400	920	1,800	1,350	760	795	750	1,200	660
Pétrus	32,000	6,950	8,695	25,000	28,000	11,800	9,906	19,000	28,500	13,800
Pichon Baron	1,150	395	845	1,495	1,595	470	550	395	835	495
Pichon Lalande	3,750	1,095	1,250	995	900	1,150	1,200	480	1,400	720
Pin	38,000	7,500	7,800	12,709	20,138	8,329	7,800	15,520	24,000	NA
Talbot	1,300	814	1,085	540	580	376	466	360	425	280
Vieux Château Certan	1,120	650	820	800	1,050	550	440	900	780	395
<b>Bordeaux, white</b>										
Climens	875	1,214	1,045	660	800	359	410	2,295	600	
Rieussec	756	420	510	475	596	290	340	800	300	
Suduiraut	360	290	324	324	335	240	260	575	255	
Yquem	3,144	2,600	2,780	2,750	2,878	1,450	1,752	3,850	1,550	
<b>Burgundy</b>										
Comte de Vögué, Bonnes Mares	3,750	1,400	1,548	2,778	1,320	1,740	1,400	1,432	1,685	
Comte Lafon, Meursault Charmes	NA	NA	2,401		2,007	2,143	1,065	1,260	1,651	
DRC, Assortment	26,946	3,600	29,641	27,500	10,200	12,600	7,900	21,500	12,750	
DRC, Montrachet (1x75cl)	1,350	1,150	1,750	2,000	2,500	1,903	1,000	1,575	1,500	
DRC, Romanée Conti (1x75cl)	5,900	3,800	3,950	6,000	3,350	3,900	3,150	3,900	3,500	
Rousseau A, Chambertin	NA	5,400	NA	4,500	1,621	2,500	2,451	1,900	3,321	
Rousseau A, Clos Roche	2,773	1,350	1,688	1,950	1,169	684	600	660	575	
<b>Champagne</b>										
Dom Pérignon	1,695	1,850	NA	1,800	840	1,350	725	NA		
Krug	1,788	2,395	1,595	2,100	1,100	2,000	NA	NA		
Louis Roederer Cristal	2,500	3,200	3,200	3,693	1,500	2,600	NA	1,950		
<b>Other</b>										
Ornellaia	849	612	936	995	340	280	280	360	240	350
Tignanello	887	977	692	1,943	1,295	760	760	860	834	840
Beaucastel, CNDP	960	534	2,187	2,389	1,080	720	720	1,442	1,350	1,075
Chapoutier, Ermitage Pavillon	8,100	4,056	6,132	6,132	2,150	1,400	1,400	2,400	4,400	1,274
Chave, Hermitage	650	820	1,850	4,400	360	320	320	395	380	330
Guigal E, Côte Rôtie Mouline	1,500	1,782	1,551	2,040	1,936	1,865	1,865	1,641	1,719	1,500
Jaboulet Aîné, Hermitage Chapelle	760	1,100	982	1,460	927	890	890	1,025	900	840
Opus One	2,203	2,088	870	2,600	1,585	1,550	1,550	1,975	1,200	1,250
Penfolds, Grange	3,500	2,400	3,723	9,517	3,575	727	727	1,623	1,073	1,295
Rayas, CNDP	12,278	1,950	1,340	2,600	1,200	810	810	1,101	980	840
Sassicaia	984	758	732	1,100	608	540	540	495	492	420
Vieux Télégraphe, CNDP	360	408	725	640	350	240	350	330	210	210
<b>Port</b>										
Dow	1,100	990	740	550	375	350	350	232	295	310
Fonseca	1,750	1,250	1,050	935	400	520	520	375	420	370
Graham	2,232	1,100	860	620	350	420	420	262	360	395
Quinta do Noval	740	1,000	420	690	370	280	280	1,970	440	545
Taylor	1,500	996	940	750	370	480	480	450	500	420
Warre	920	890	600	550	340	385	385	240	315	300