

# Getting younger every year

JANUARY IS A fairly quiet month for the exchange as consumers nurse their seasonal hangovers and merchants prepare their Burgundy en primeur offerings. So limited are volumes of the latter that they rarely see the light of day in the secondary market. Nevertheless, trade was up 11% year on year by value and 35% by volume. This reflected some nervousness about price levels of top names and a realisation that there are bargains to be had among lower-value second and third tier Bordeaux. The Liv-ex 100 eked out a small gain for the month of 0.4%.

At the end of the year we made some major changes to our indices. Most significantly the iconic 1982s have been retired from the Liv-ex 100 Index. The nine 1982s, including Cheval Blanc, Gruard Larose, Lafite, Latour, Léoville las Cases, Mouton, Pichon Lalande, and Cos, accounted for 10% of the index. Their eviction has nothing to do with their undoubted quality, but their age. Wines more than 25 years old are excluded from the index.

The Liv-ex 100 Index is a commodity benchmark. While one of the criteria for inclusion is quality (wines must have achieved a score of at least 95 points out of 100 from one of the major critics), the other is liquidity. In other words, the wine must be readily available and there must be a regular market for the wine on the Liv-ex platform. The index is priced from the mid price (the average of the bid offer spread) on the exchange in our standard in bond contract. This governs delivery, payment and condition on the exchange between buyer and seller. Transactions which do not comply with Liv-ex's standard terms have to be bought and sold as a special

contract, where any variance from the standard contract terms have to be clearly spelt out.

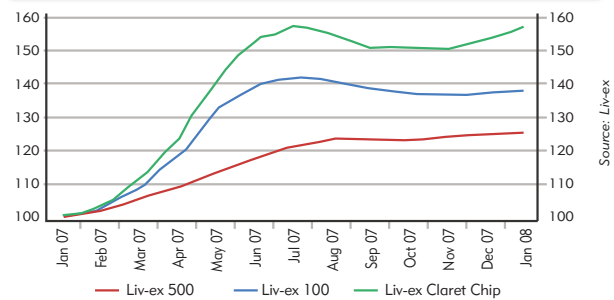
Older wines are much rarer and more likely to have deteriorated in condition, which makes it harder to find stock that is compliant with our standard contract. After years of storage, travel and handling, the 1982s are showing their age. This complicates trading the wines as a commodity and each case has to be priced according to its own merits. It is perhaps not surprising, therefore, that at least 75% of Liv-ex trade is concentrated in the last 10 vintages.

We try to reflect this market reality in the Liv-ex 100 Index, which has an 85% weighting in the last 10 physical vintages. The exclusion of the 1982s has made the average age of the index a little younger and it is set to get younger still once the 2005s start to qualify for inclusion later in the year. En primeur is not included in the index, as wines only start to qualify for the Liv-ex 100 once Robert Parker tastes the wines in bottle and gives them a firm score rather than the traditional spread (eg 95-97) given when tasting from barrel. This will likely happen once Parker has published his final verdict on the '05 vintage in the April or June edition of *The Wine Advocate*.

With 2005 being possibly the best vintage in France since 1961, it will be well represented in the index by the end of the year. As a result, the triumvirate of the 2000 vintage (currently 28% of the index), the 2003 (21%) and the 2005s will account for well over half the index weighting. Of the three, expect 2005, due to high prices, production and scarcity weightings to enjoy the largest share. The King is dead, long live the King.

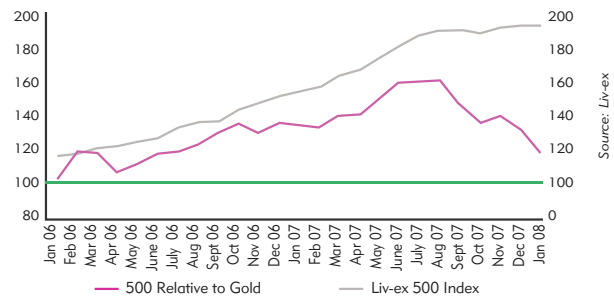
## In keeping with index criteria, the Liv-ex 100 retires the iconic 1982s and prepares to welcome the 2005 vintage

LIV-EX INDICES REBASED AT 100 IN JAN 2007



## 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
Bordeaux, red	202.90	202.49	165.41	116.47
Bordeaux, white	144.82	138.20	122.00	109.26
Burgundy	182.04	163.31	131.42	109.23
Port	125.08	123.28	116.75	105.27
Champagne	208.93	162.40	147.62	115.62
Composite	188.96	183.37	151.28	113.56

### 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

<b>Bordeaux, red</b>	<b>1982</b>	<b>1983</b>	<b>1986</b>	<b>1989</b>	<b>1990</b>	<b>1995</b>	<b>1996</b>	<b>1998</b>	<b>2000</b>	<b>2003</b>
Ausone	3,300	1,965	1,100	1,500	3,000	2,850	2,612	4,800	13,900	11,400
Calon Segur	1,150	388	773	650	857	500	495	325	570	475
Cantemerle	395	376	300	500	360	210	270	140	195	132
Cheval Blanc	8,280	3,450	2,016	3,000	9,600	2,400	1,750	5,100	7,500	1,720
Conseillante	3,075	767	750	2,300	3,115	540	509	650	1,288	330
Cos d' Estournel	2,300	625	1,000	840	1,475	775	750	453	620	1,350
Ducru Beaucaillou	1,650	520	750	600	650	825	895	395	865	780
Figeac	1,668	700	660	720	990	695	608	560	530	360
Grand Puy Lacoste	1,695	450	747	570	1,095	660	651	400	480	265
Gruaud Larose	2,250	620	1,020	620	1,090	450	440	317	625	300
Haut Brion	6,500	2,160	2,416	9,500	5,400	2,400	2,250	2,520	4,950	2,150
Lafite Rothschild	17,000	3,521	8,250	3,250	4,200	3,600	6,500	4,200	9,800	6,650
Lafleur	21,000	5,000	4,244	9,000	10,900	2,600	2,195	3,395	14,800	5,643
Lagune	695	360	375	475	600	303	275	260	280	195
Latour	14,250	1,950	2,750	2,450	6,000	3,550	5,500	1,800	7,927	7,200
Léoville Barton	1,216	475	725	795	1,051	575	550	400	850	795
Léoville Las Cases	3,800	680	2,716	1,050	2,100	980	1,650	555	2,300	1,091
Léoville Poyferre	1,537	792	608	666	1,436	495	566	320	675	795
Lynch Bages	1,850	803	925	1,550	1,600	725	825	480	1,050	395
Marqaux	7,100	4,300	4,500	2,750	8,100	3,200	5,050	1,800	7,400	5,200
Mission Haut Brion	7,800	975	1,200	7,800	3,250	1,584	760	1,100	5,200	1,080
Montrose	1,100	550	720	1,740	2,950	620	592	466	980	1,500
Mouton Rothschild	8,880	1,680	6,116	1,850	1,700	2,250	2,250	2,400	5,370	2,380
Palmer	1,250	2,400	920	1,750	1,250	750	780	770	1,200	660
Pétrus	32,000	7,951	8,773	25,000	29,816	11,800	7,800	19,800	28,800	14,250
Pichon Baron	1,200	395	650	1,495	1,595	470	525	380	850	495
Pichon Lalande	3,750	1,080	1,325	1,150	946	1,150	1,190	484	1,400	720
Pin	38,000	7,500	7,800	12,709	20,138	8,329	7,800	15,120	19,655	NA
Talbot	1,292	540	1,150	540	580	376	450	360	375	260
Vieux Château Certan	1,120	650	820	820	1,095	525	450	880	780	395
<b>Bordeaux, white</b>	<b>1983</b>	<b>1986</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1996</b>	<b>1997</b>	<b>2001</b>	<b>2003</b>	
Climens	875	737	1,053	660	800	359	440	2,295	595	
Rieussec	680	420	480	475	596	283	340	875	300	
Suduiraut	360	290	324	324	335	230	260	588	260	
Yquem	3,144	2,550	2,780	2,750	2,900	1,450	1,800	3,850	1,539	
<b>Burgundy</b>	<b>1985</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1995</b>	<b>1996</b>	<b>1998</b>	<b>1999</b>	<b>2002</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	2,160	1,065	1,413	1,500	
DRC, Assortment	26,946	3,600	29,641	24,965	9,750	10,466	7,200	19,500	9,750	
DRC, Montrachet (1x75cl)	1,350	1,150	1,750	2,000	2,500	2,308	1,714	1,575	1,500	
DRC, Romanée Conti (1x75cl)	6,177	3,750	3,950	6,000	3,500	3,350	3,167	3,900	3,292	
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	1,500	684	600	660	575	
<b>Champagne</b>	<b>1982</b>	<b>1985</b>	<b>1989</b>	<b>1990</b>	<b>1995</b>	<b>1996</b>	<b>1998</b>	<b>1999</b>		
Dom Pérignon	1,695	1,790	NA	1,800	840	1,350	695	NA		
Krug	1,788	2,395	1,595	1,900	1,100	1,950	NA	NA		
Louis Roederer Cristal	2,500	3,200	2,940	3,693	1,500	2,159	NA	1,780		
<b>Other</b>	<b>1985</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Ornellaia	849	596	936	1,150	340	220	220	500	270	360
Tignanello	887	977	692	1,943	1,295	760	760	860	834	1,000
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	300	300	395	380	330
Guigal E, Côte Rôtie Mouline	1,500	1,782	1,551	1,789	1,936	1,865	1,865	1,641	1,720	1,740
Jaboulet Aîné, Hermitage Chapelle	760	1,100	982	1,460	927	704	704	1,025	780	980
Opus One	2,135	2,023	1,350	2,600	1,642	1,550	1,550	2,140	1,740	1,250
Penfolds, Grange	3,500	2,400	3,723	9,517	3,575	727	727	1,585	1,047	1,287
Rayas, CNDP	12,278	1,950	1,050	2,575	1,050	810	810	1,170	850	895
Sassicaia	984	880	729	1,100	608	540	540	360	492	420
Vieux Télégraphe, CNDP	360	408	725	640	360	240	360	330	210	249
<b>Port</b>	<b>1963</b>	<b>1966</b>	<b>1970</b>	<b>1977</b>	<b>1983</b>	<b>1985</b>	<b>1994</b>	<b>1997</b>	<b>2000</b>	<b>2003</b>
Dow	1,100	1,011	740	550	375	350	350	240	295	375
Fonseca	1,750	1,250	1,050	935	400	550	550	375	395	380
Graham	1,550	1,100	860	650	350	420	420	285	360	370
Quinta do Noval	740	1,100	420	690	370	280	280	1,959	440	545
Taylor	1,500	1,050	940	750	370	480	480	395	540	441
Warre	1,050	890	600	485	340	360	360	240	315	300