

Fine Wine Market Report

**Q3 2023
CHAMPAGNE
MARKET UPDATE**

**CRU
WINE**

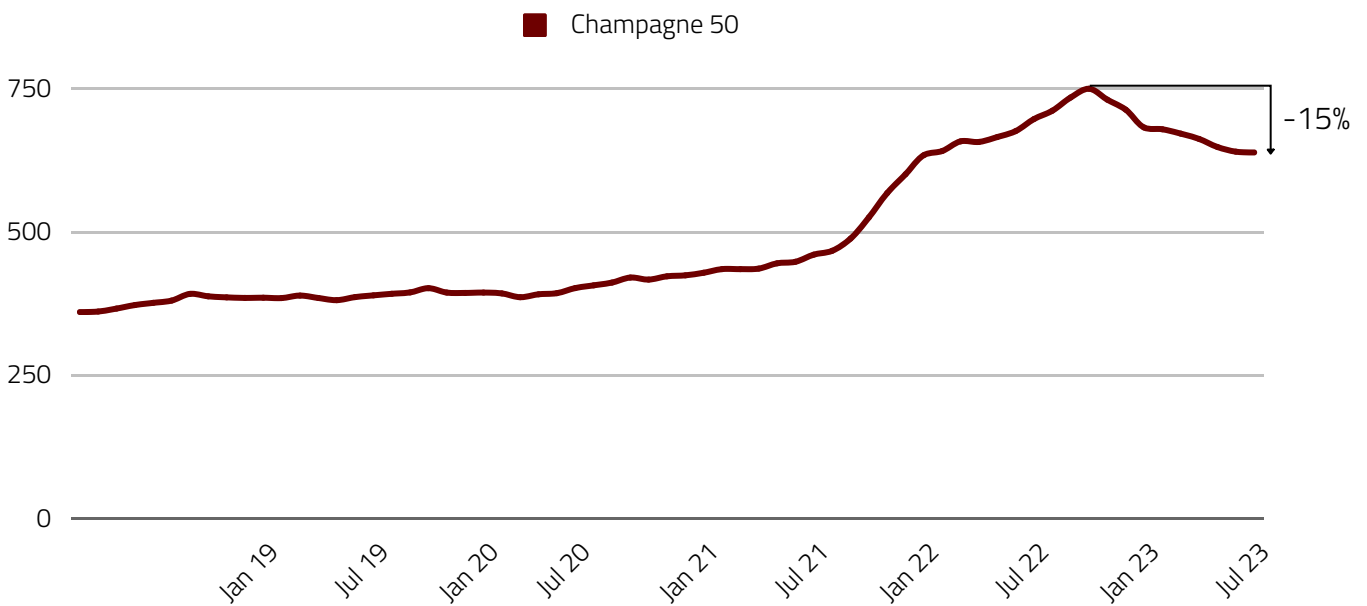
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CRU WINE LIMITED

CHAMPAGNE MARKET UPDATE

The Liv-Ex Champagne 50 Index has seen a 15% correction since the all-time highs achieved in October 2022. The sell off was triggered by global macro-economics which encouraged investors to take profits following a 18-month bull run which saw the index appreciate 67%. Champagne is the most liquid region in wine investment and as a result sees the quickest corrections.

July saw the Champagne 50 normalise, achieving a flat return month-on-month. We believe we are starting to see the Champagne market level off and this presents a great buying opportunity for investors.



Source: Liv-ex.com

CHAMPAGNE SUPPLY

The table opposite shows the average yield harvested throughout Champagne. The long-term average yield is greater than 12,000 kg/ha showing how supply in recent years has been muted. Please note that investment grade Champagne yields will be far lower due to a more stringent fruit selection process and green harvesting to concentrate fruit flavours.

Year	Actual Yield (kg/ha)
2023	11,500 (c. 294m bottles)
2022	12,000 (c. 307m bottles)
2021	6,000 (c. 154m bottles)
2020	12,000 (c. 308m bottles)
2019	10,500 (c. 269m bottles)
2018	11,000 (c. 282m bottles)
2017	11,300 (c. 290m bottles)

CHAMPAGNE DEMAND

The table opposite shows the total number of bottles shipped out of Champagne (demand). Unlike other regions, Champagne only releases their wines when ready to drink. For example, the most recent release of the [Billecart-Salmon Elisabeth Salmon Brut Rosé](#) is the 2009 vintage. This lag allows us to predict price appreciation as we know the past vintage supply and current global demand. From the two tables we can see there is a growing demand and supply mismatch with 12,000kg/ha equalling circa 300m bottles.

Year	Shipment Bottles
2023	Est. 314 million
2022	326 million
2021	320 million
2020	245 million
2019	297.5 million
2018	301.9 million
2017	307.3 million

2023 sees an expected reduction in Champagne shipments of 3.7% which is not surprising given the macro back drop and the market has increased 33% over two years. Given global demand is only down 3.7% YoY it further highlights how the 15% correction in the Champagne 50 Index creates a great buying opportunity for investors.

THE INVESTMENT CHAMPAGNE MARKET CONTINUES TO SEE GROWTH

The underlying strength of the investment Champagne market was further highlighted by LVMH in their H1 2023 report. LVMH owns top Champagne houses Krug and Dom Perignon and boasted organic revenue growth of 5% YoY which is impressive given H1 last year achieved organic growth of 33% YoY. H1 23 Earnings growth was equally impressive at 7% YoY as margins continue to improve. The strong result was driven by Europe and Japan with margin improvements due to a firm price increase policy.



THE THE LONG-TERM GROWTH CASE REMAINS INTACT

We expect demand for Champagne to increase in the coming years driven by;

- The Gen Z and Millennial segment. Champagne is the only region with >50% demand from the under 40s. This is likely to increase in the mid term as wealth is transferred to the younger demographics.
- Increased demand from the Emirates following the removal of the 30% alcohol sales tax and Saudi Arabia loosening religious restrictions.
- Increased demand from China who are currently 14th biggest importer of Champagne, just behind Denmark! China's wine purchasing habits have historically lagged that of the West and leaves massive long-term upside for the region particularly in the investment grade segment.



The current market dip provides a great entry point into Champagne. Investment grade Champagne has a drinking window of >20 years which makes the region both a great medium and long term investment. If you would like to increase your Champagne exposure, please get [in contact](#).



Check out our current Champagne offers:



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