

*Posted 05.20.2009* - Since the end of March, the international fine wine auction market has seen steadily increasing crowds, activity and bidding, with prices moving up. The couple of auctions last week were nearly "frothy." Prices are still down on a year-over-year basis, but the fine wine market is clearly either in the early stages of a recovery or is experiencing a strong bear market rally.

Add to this the success of the Bordeaux 2008 En Primeur campaign, which was kicked off in early April by Chateau Angelus with a 40+% decrease in pricing from its 2007 levels at the same time reports of a better vintage than expected were emerging from the annual Spring barrel tastings. Toward the end of April, Chateau Latour, Chateau Lafite-Rothschild, and Chateau Margaux simultaneously reduced prices by 45% from 2007 levels. A week later, Robert Parker released his review of the vintage, raving that 2008 was just behind 2005 and 2000; in other words, Outstanding. And the En Primeur campaign was off and running.

Of course the significant chateaux price reductions stuck their distribution channels with a lot of expensive inventory, leading to significant price reductions at retail for 2006 Bordeaux.

So, right now, the fine wine market is a dichotomy: Decreasing prices at retail and increasing prices at auction.

Stay tuned!