



Realistic Prices for Bordeaux 2019 *En Primeur*

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The *en primeur* campaign for Bordeaux's 2019 vintage (BDX19) is creating a lot of excitement. Despite the challenges caused by COVID-19, tasting experts gave many positive reviews for BDX19.

Bordeaux estates **reduced their prices substantially**, making it an attractive vintage to invest in.

Providing **realistic prices for Bordeaux *en primeur***, this report assists buyers and traders in their investments in the 2019 vintage fine wines.

Realistic Price Algorithm

The realistic price algorithm is the most accurate estimation of the value for the *en primeur* wines academically¹ and in practice.

Using big data and machine learning algorithms, the model specification is selected out of more than **8.5 billion alternative models**. It is rigorously tested using a comprehensive robustness analysis.

The realistic price accounts for the following:

- *Climatic information*: changes in temperatures and precipitation during the growing season
- *Market fluctuations*: as reflected through the Liv-ex 100 index
- *Barrel tasting scores*: reported by the leading tasting experts

They are combined uniquely in one single model.

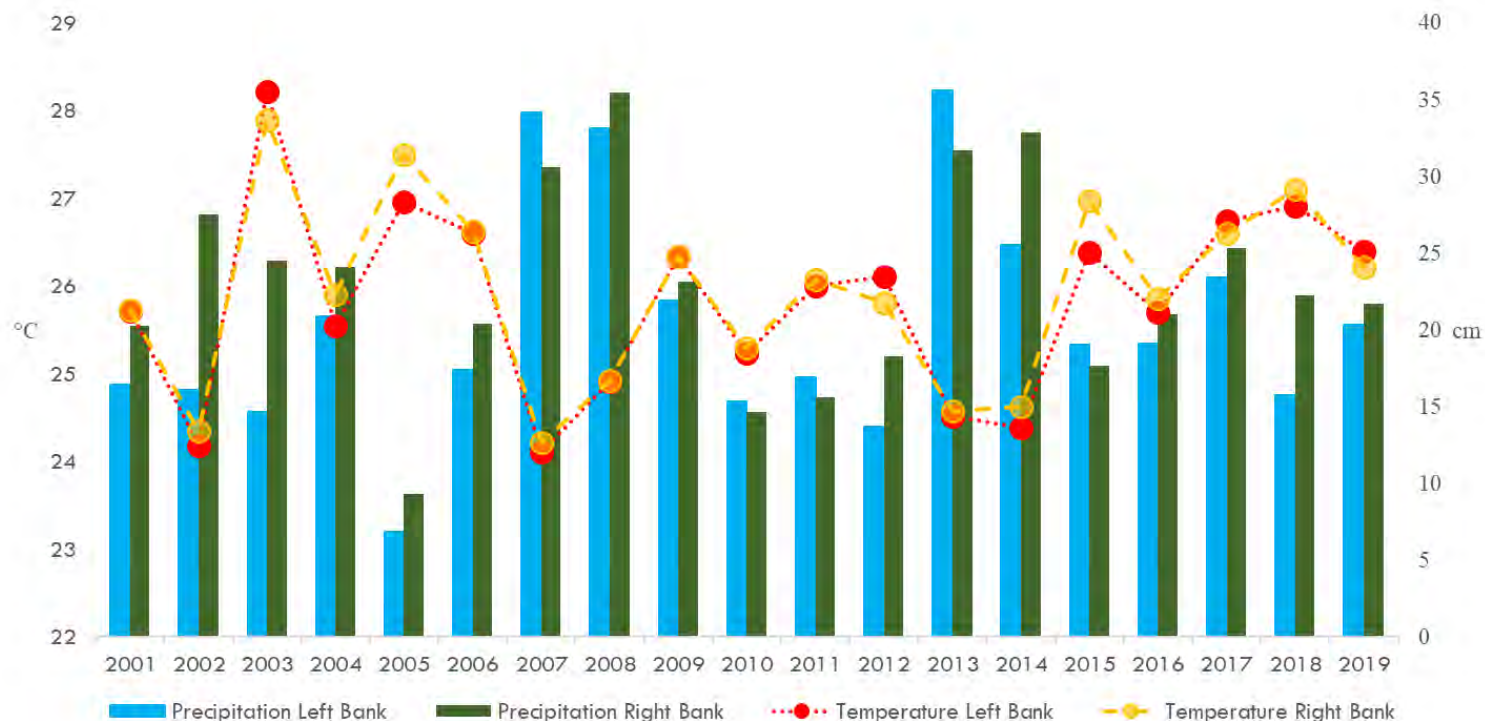


¹ Hekimoğlu, M.H., B. Kazaz. 2020. Analytics for wine futures: Realistic prices. *Production and Operations Management*. <https://doi.org/10.1111/poms.13193>.

Note: *Production and Operations Management* is a premier business journal included among the Financial Times 50 and the University of Texas at Dallas Research Rankings.



2019 Climatic Information



Granular data from Meteo France: The growing conditions were good in comparison to other years.

Compared to 2018, the 2019 vintage had slightly lower temperatures and higher precipitation.

Average of maximum daily temperatures:

- Left Bank: decreased by 1.90% (from 26.91°C to 26.40°C)
- Right Bank: decreased 3.24% (from 27.10 °C to 26.22 °C)

Precipitation:

- Left Bank: increased by 29.02% (from 15.75 cm to 20.32 cm)
- Right Bank: decreased by 2.34% reduction (from 22.25cm to 21.73cm)



Market Information

Global Wine Market

The Liv-ex 100 index tracks the price movements of the 100 most sought-after wines, and it is used as a proxy for the value of fine wines in global markets.

The Liv-ex 100 index fell by 2.81% (from 308.91 to 299.36) from the release of the 2018 vintage to this year's release, thus putting pressure on BDX19 *en primeur* prices.

There are additional concerns regarding the global wine market.

First, there could be a shrinking investment in wine due to the economic uncertainty caused by [COVID-19](#).

Second, the trading costs in the UK for fine wines from the EU is expected to increase drastically as a result of [Brexit](#). Considering that the UK is the leading hub for wine trade, the additional costs can put a reasonable concern about *en primeur* pricing decisions.

Third, the uncertainty regarding whether there will be additional [tariffs](#) for EU wines going into the US elevate the pressure to reduce the prices. Wines with alcohol levels exceeding 14% are presently spared from the additional 25% custom tax, however, there is no guarantee that the same regulation will be in effect by the time BDX19 shipments take place later in 2021.





Tasting Expert Reviews

Tasting Expert Reviews

Barrel tasting scores for BDX19 were similar to that of the 2018 vintage.

It is noteworthy to mention that (i) the tasting ratings were limited to the chateaus that sent samples; and, (ii) the tastings took place approximately two months later than usual.

We report the realistic prices relying on three well-known tasting experts:

- **Neal Martin (NM):** The average of barrel tasting scores for the 2019 vintage increased by 1.27 points (from 94.91 to 96.18)
- **Lisa Perrotti-Brown (LPB):** The average of barrel tasting scores for the 2019 vintage increased by 0.29 points (from 96.84 to 97.13)
- **James Suckling (JS):** The average of barrel tasting scores for the 2019 vintage decreased by 0.13 points (from 97.57 to 97.44)

Overall, these barrel tasting scores put the 2019 vintage relatively at par with the 2018 vintage.

The realistic pricing algorithm shows that higher barrel tasting scores of the critics for the 2019 vintage leads to an approximate 3.38% price improvement per each additional point compared to the barrel scores of 2018.





Impact of Factors

Impact of Factors on Realistic Prices

The following table illustrates the impact of each factor, climate, market and tasting scores on realistic prices.

Table 1. The impact of temperature, precipitation, the Liv-ex 100 index and the time trend on the release prices of the Bordeaux 2019 vintage (compared to the 2018 vintage) under the barrel scores of Neal Martin, Lisa Perrotti-Brown and James Suckling.

| Factor/Impact | Neal Martin | | Lisa Perrotti-Brown | | James Suckling | |
|-------------------------|-------------|------------|---------------------|------------|----------------|------------|
| | Left Bank | Right Bank | Left Bank | Right Bank | Left Bank | Right Bank |
| Change in Temperature | -1.06% | -1.81% | -1.07% | -1.82% | -0.95% | -1.62% |
| Change in Precipitation | -2.60% | +0.21% | -2.56% | +0.21% | -2.46% | +0.20% |
| Change in Liv-ex 100 | -2.30% | | -2.30% | | -2.28% | |
| Change in barrel score | +4.32% | | +0.98% | | -0.42% | |
| Time trend | -6.62% | | -6.68% | | -7.18% | |



Realistic Prices

Table 2. The comparison of realistic prices using the barrel tasting scores of Neal Martin (NM), Lisa Perrotti-Brown (LPB) and James Suckling (JS) with the *ex-negotiant* release prices. An empty cell implies that the corresponding tasting expert did not provide a barrel tasting score.

| Chateau | Realistic Price (NM) | Realistic Price (LPB) | Realistic Price (JS) | Ex-negotiant Release Price | % Deviation (NM) | % Deviation (LPB) | % Deviation (JS) | Recommendation |
|---------------------|----------------------|-----------------------|----------------------|----------------------------|------------------|-------------------|------------------|----------------|
| Angelus | € 240.65 | € 221.25 | € 217.20 | € 230.00 | -4.42% | +3.95% | -5.89% | |
| Beychevelle | € 57.28 | - | € 55.07 | € 52.80 | -7.81% | | -4.12% | |
| Calon Segur | € 71.06 | € 64.35 | € 61.98 | € 62.00 | -12.75% | -3.65% | +0.02% | |
| Carruades Lafite | € 166.19 | € 166.02 | € 165.20 | € 145.00 | -12.75% | -12.66% | -12.23% | Strong Buy |
| Clarence Haut Brion | € 103.10 | € 99.61 | € 102.34 | € 96.00 | -6.88% | -3.63% | -6.20% | |
| Clinet | € 65.33 | - | € 60.72 | € 52.00 | -20.41% | | -14.36% | Strong Buy |
| Clos Fourtet | € 77.92 | - | € 70.33 | € 66.00 | -15.30% | | -6.16% | Buy |
| Conseillante | € 154.70 | € 144.38 | € 144.17 | € 120.00 | -22.43% | -16.88% | -16.76% | Strong Buy |
| Cos d'Estournel | € 137.46 | € 130.85 | € 132.16 | € 110.00 | -19.98% | -15.93% | -16.77% | Strong Buy |
| Ducru Beaucaillou | € 132.88 | € 130.54 | € 131.91 | € 114.00 | -14.21% | -12.67% | -13.58% | Strong Buy |
| Duhart Milon | € 52.50 | € 49.07 | € 50.48 | € 48.00 | -8.58% | -2.18% | -4.91% | |
| Eglise Clinet | € 190.75 | € 200.35 | € 186.88 | € 204.00 | +6.95% | +1.82% | +9.16% | |

Table 2 (continued).

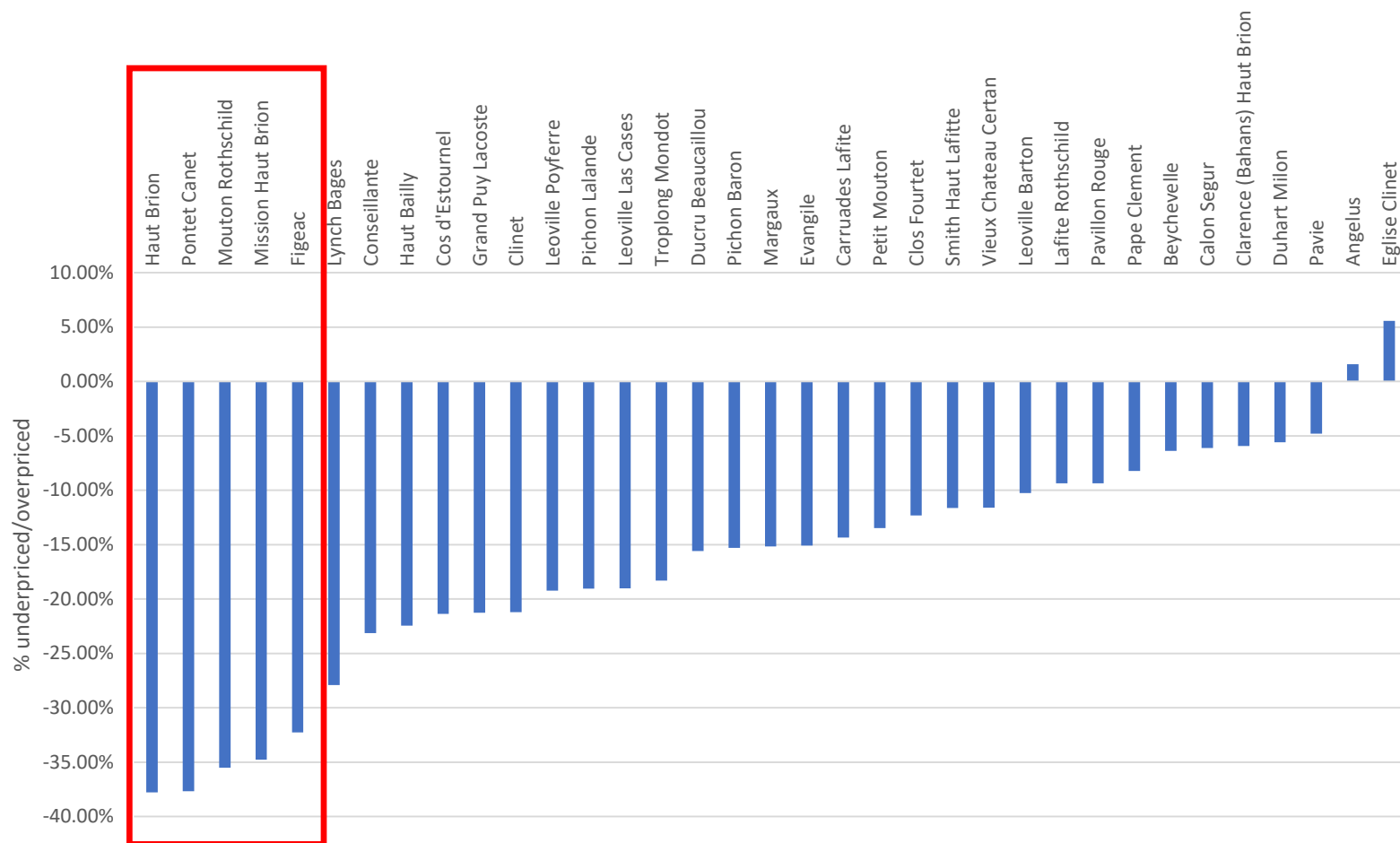
| Chateau | Realistic Price (NM) | Realistic Price (LPB) | Realistic Price (JS) | Ex-negociant Release Price | % Deviation (NM) | % Deviation (LPB) | % Deviation (JS) | Recommendation |
|--------------------|----------------------|-----------------------|----------------------|----------------------------|------------------|-------------------|------------------|----------------|
| Evangile | € 155.52 | € 155.43 | € 155.14 | € 135.00 | -13.19% | -13.15% | -12.98% | Strong Buy |
| Figeac | € 160.71 | € 160.58 | € 154.85 | € 120.00 | -25.33% | -25.27% | -22.50% | Strong Buy |
| Grand Puy Lacoste | € 54.28 | - | € 50.48 | € 43.20 | -20.42% | | -14.42% | Strong Buy |
| Haut Bailly | € 82.91 | € 79.96 | € 79.60 | € 66.00 | -20.39% | -17.46% | -17.09% | Strong Buy |
| Haut Brion | € 402.69 | € 376.32 | € 386.64 | € 282.00 | -29.97% | -25.06% | -27.06% | Strong Buy |
| Lafite Rothschild | € 448.66 | € 419.34 | € 431.36 | € 396.00 | -11.74% | -5.57% | -8.20% | Buy |
| Leoville Barton | € 57.06 | - | € 56.72 | € 51.60 | -9.57% | | -9.03% | Buy |
| Leoville Las Cases | € 171.83 | € 160.87 | € 160.00 | € 138.00 | -19.69% | -14.21% | -13.75% | Strong Buy |
| Leoville Poyferre | - | - | € 58.67 | € 49.20 | | | -16.14% | |
| Lynch Bages | € 88.83 | - | € 80.00 | € 66.00 | -25.70% | | -17.50% | Strong Buy |
| Margaux | € 389.48 | € 376.32 | € 374.46 | € 330.00 | -15.27% | -12.31% | -11.87% | Strong Buy |
| Mission Haut Brion | € 248.72 | € 232.43 | € 246.57 | € 180.00 | -27.63% | -22.56% | -27.00% | Strong Buy |

Table 2 (continued).

| Chateau | Realistic Price (NM) | Realistic Price (LPB) | Realistic Price (JS) | Ex-negociant Release Price | % Deviation (NM) | % Deviation (LPB) | % Deviation (JS) | Recommendation |
|----------------------|----------------------|-----------------------|----------------------|----------------------------|------------------|-------------------|------------------|----------------|
| Mouton Rothschild | € 389.48 | € 388.39 | € 368.52 | € 282.00 | -27.59% | -27.39% | -23.48% | Strong Buy |
| Pape Clement | € 67.35 | € 60.98 | € 58.67 | € 57.60 | -14.48% | -5.54% | -1.82% | |
| Pavie | € 251.91 | € 251.74 | € 250.96 | € 240.00 | -4.73% | -4.66% | -4.37% | |
| Pavillon Rouge | € 128.59 | € 128.69 | € 136.46 | € 120.00 | -6.68% | -6.75% | -12.06% | Buy |
| Petit Mouton | € 165.81 | € 154.70 | € 149.33 | € 138.00 | -16.77% | -10.79% | -7.59% | Buy |
| Pichon Baron | € 116.33 | € 106.91 | € 104.63 | € 94.80 | -18.51% | -11.33% | -9.39% | Buy |
| Pichon Lalande | € 130.28 | € 121.75 | € 121.15 | € 104.50 | -19.79% | -14.17% | -13.74% | Strong Buy |
| Pontet Canet | - | € 80.10 | € 79.60 | € 58.00 | | -27.59% | -27.14% | Strong Buy |
| Smith Haut Lafitte | € 78.17 | € 70.66 | € 68.18 | € 64.80 | -17.10% | -8.30% | -4.96% | |
| Troplong Mondot | € 68.72 | € 73.26 | - | € 60.00 | -12.68% | -18.10% | | Strong Buy |
| Vieux Chateau Certan | € 193.96 | € 187.47 | € 181.00 | € 168.00 | -13.38% | -10.38% | -7.18% | Buy |
| Average | | | | | -15.43% | -12.23% | -11.45% | |

The barrel tasting scores for Ausone, Cheval Blanc, Gruaud Larose, Lafleur, Montrose, Palmer were not provided by any of the three tasting experts.

2019 Buying Attractiveness: Underpriced (and Overpriced) Chateaus



Fantastic value



Conclusions and Recommendations

Conclusions and Recommendations

This report presents the realistic prices for leading Bordeaux chateaus using the barrel tasting scores of Neal Martin, Lisa Perrotti-Brown and James Suckling.

On average, the 2019 vintage *ex-negociant* release prices are below realistic prices by an average of 13.06%, making it an excellent vintage to invest in.

The substantial reduction in release prices can be attributed to several factors including the economic uncertainty due to COVID-19, Brexit causing additional pressure on trading costs, and potential threat on US tariffs.

In conclusion,

- 15 chateaus receive a “strong buy”
- Haut Brion, Pontet Canet, Mouton Rothschild, La Mission Haut Brion and Figeac offer fantastic values
- 7 chateaus receive a “buy” recommendation.

Despite all the concerns, the 2019 vintage release prices are undoubtedly the best Bordeaux prices in a long time.

We encourage consumers to invest in Bordeaux *en primeur* because our analysis of the previous vintages shows that wines released below realistic prices increase in value substantially more than those wines released above their realistic prices.





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