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# Australia Produced Less Wine Than It Sold After Its Smallest Grape Crush in More Than 25 Years

Even after a 9% stock decline, weak sales left the industry with about 124 million liters of excess wine

Wednesday, November 25, 2026



Australia’s wine output fell below sales in the 2025-26 financial year, reducing the country’s inventory for a second straight year but not enough to end the pressure from oversupply and weaker demand, according to a Wine Australia report released on Tuesday, November 24.

The industry produced 925 million liters of wine in 2025-26, down 18% from 2024-25 after what Wine Australia described as the smallest winegrape crush in more than 25 years. Total sales reached 1.04 billion liters, down 4%, which meant Australia sold more wine than it made and drew down stock already held in storage.

National wine inventory fell 9% to 1.87 billion liters, the lowest level since 2019-20 and below the 10-year average. Red wine stocks dropped 15%, while white wine inventories were little changed, showing that the reduction in supply was concentrated more heavily in red wine than in white.

Wine Australia Market Insights Manager Peter Bailey said the figures show progress, but not a full return to balance. He said lower production helped reduce stock levels, especially for red wine, but demand remained soft in Australia and across many export markets. He also said inventory was still above what would normally be considered desirable, which is likely to keep downward pressure on grape prices.

The winegrape crush for the 2026 vintage was estimated at 1.27 million metric tons, down 19% from the previous vintage and 25% below the 10-year average. Red wine production dropped 28% to 428 million liters, its lowest level since the early 2000s. White wine production fell 8% to 498 million liters, overtaking red and accounting for 54% of total output.

The stock-to-sales ratio, one of the industry’s main measures of whether supply matches demand, improved to 1.81 years of stock from 1.90 a year earlier. That was also down from a peak of 2.13 in 2021-22. Even so, the ratio remained 7% above the 10-year average of 1.69, underlining that the market is still carrying more wine than sales trends would justify.

Bailey said that, based on 2025-26 sales and the 10-year average stock-to-sales ratio, the industry still has an excess of about 124 million liters of wine in storage. He noted that the 10-year average itself includes several years of oversupply, and that the ratio before the large 2021 harvest was lower, at 1.46, suggesting the imbalance may be greater than the headline comparison indicates.

The demand side of the market also weakened. Domestic sales of Australian wine fell 1% to 438 million liters, the lowest level recorded since 2005-06. Export volumes dropped 6% to 597 million liters, the first time they have fallen below 600 million liters in more than two decades.

Wine Australia linked the softer sales environment to changes in consumer preferences, cost-of-living pressure and declining global wine consumption. Bailey said consumers around the world are drinking less wine, especially at lower price points, and that the trend is affecting several of Australia’s main export destinations, including the United Kingdom, the United States and China.

He said some growth opportunities are emerging in parts of Asia where wine consumption is still increasing, but those markets are not yet large enough to offset declines elsewhere. The result is a market where production has adjusted sharply, but demand has not strengthened enough to restore pricing power for producers.

That matters beyond Australia because the country is one of the world’s major wine exporters, and shifts in its supply can influence trade flows and pricing in international wine markets. A prolonged adjustment could also add to pressure on grape prices and margins across the wine business, a risk that is relevant for the broader beverage sector as producers, distributors and retailers manage changing consumer demand.

Wine Australia said the white wine stock-to-sales ratio rose for a second consecutive year, even as the national ratio improved. That makes white wine a supply trend to watch, since the overall reduction in inventories was driven more by a steep cut in red wine production than by stronger demand.

Looking ahead to the 2027 vintage, Wine Australia expects winegrape prices to remain below long-term averages while the sector continues to align supply with sales. Bailey said profitability will remain under pressure for both grapegrowers and winemakers until supply and demand return to a more sustainable balance.

The annual report is based on Wine Australia’s production, sales and inventory survey. The agency said it surveys the largest wineries, which account for about 77% of total wine production, and then uses those responses to estimate national figures. It said the data provide an overall picture of the sector at the end of the 2025-26 financial year and do not reflect differences between regions or individual businesses.