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Global wine trade hits a record $40.68 billion in value

Decline in volume, but wine trade value surges to record highs

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Recent customs data from various countries reveals that the global wine trade has surged to a historic high, reaching nearly $40.68 billion in value. This represents a 7.1% increase year-on-year for the 12-month period ending in March 2023. Interestingly, while the monetary value witnessed growth, the volume of exported wine witnessed a 4.3% dip, amounting to 10.425 billion liters.

A deeper dive into the numbers reveals that the average price of wine escalated by 11.9%, with a liter now priced at approximately $3.89, setting yet another record in its historical series. Compared to the figures from March 2022, the world wine trade has expanded by roughly $2.69 billion, even though it experienced a loss of 469 million liters in volume. The average price, in this context, has risen by 41 cents per liter.

Understanding the Economic Dynamics

It is crucial to understand that a rise in trade value does not inherently translate to an increase in profitability. Especially in an era marked by intense inflation and escalating costs, which the world has been grappling with for over a year, these dynamics are pivotal. Given the current environment of commercial uncertainty, it is advised to keep a close monthly watch on international wine trade trends.

Breaking down the trends, data suggests that wine volumes globally grew by 2.7% in March alone, breaking a five-month streak of losses. On the flip side, revenues have been witnessing uninterrupted growth for 26 months, which is the same duration that the average price has been on an upward trajectory. Notably, the rise in average price in March, at 2.3%, was the lowest in the 26-month span. Simultaneously, revenue growth seems to be slowing down as inflation rates potentially begin to taper.

A Comprehensive Annual Analysis

Upon conducting a longer-term annual review, all wine types saw growth in value. However, only sparkling wines and bag-in-box variants experienced an uptick in volume, albeit marginally. Grape juice (mosto), falling under the tariff code 220430, observed significant drops in both dimensions.

A detailed breakdown by product type reveals:

- **Packaged Wine:** Dominating the global scene, this type amounts to 5.517 billion liters (a 4.1% decline) and approximately $27.31 billion (a 5.5% rise). This accounts for 53% of total volume and 67% of the total value. It also observed the highest drop in volume (236.6 million liters) but the most substantial rise in value ($1.31 billion). The average price climbed 9.6% to around $4.96 per liter.

- **Sparkling Wine:** Continuing its stellar international trade performance, it marked the most significant growth in both value (+14.7%) and volume (+2.1%), reaching approximately $9.69 billion (an increase of $1.24 billion) and 1.121 billion liters (a 23 million liter growth). The average price outpaced all others, rising by 12.3% to roughly $8.65 per liter. This type constituted 10.8% of the volume and 23.8% of the overall value.
- **Bulk Wine:** Its global position seems to be dwindling, currently standing as the second in volume and third in value. Accounting for 33.47 million hectoliters (a 6.1% dip) and roughly $2.80 billion (a 5.3% rise), its average price saw a 12% hike, standing at 83 cents per liter.
- **Bag-in-box:** Experiencing a modest 0.5% rise in volume and a 6.2% in value, it reached 386 million liters (a growth of 2 million) and around $754.99 million (a surge of $44.41 million). Its average price, however, had a below-average rise of 5.7%, settling at approximately $1.96 per liter.
- **Must:** The global trade for grape juice under the code 220430 (excluding code 2009) took a sharp downturn in these 12 months, plummeting 44% in volume and 33.3% in value. Its numbers settled at 53.8 million liters (a 42 million liter decline) and about $96.51 million (a drop of $48.15 million). Its average price surged 19% to nearly $1.80 per liter.

When juxtaposing the interannual figures of March 2023 with the complete data for 2022, almost all wines have decelerated in their value growth, notably packaged and sparkling variants. In terms of volume, the bag-in-box format has undoubtedly shown the most resilience compared to 2022.