



The Journal



Wine a solemn pact with food: Increase in popularity Amid lowest production in 40 years



San Francisco October 29, 2013:

Morgan Stanley reports that world wine production is at its lowest in 40 years.. Find out why? and is it true that a glass of wine a day keeps the doctor away? All and more in this article.

In 2012, global wine production reached its lowest level in 40 years, according to Morgan Stanley. Napa, Calif.—A report from the investment banking giant Morgan Stanley is creating buzz in the wine community with its announcement that in 2012 global wine production “fell to its lowest levels in more than 40 years.” But some North American wine industry experts see the situation differently. By the numbers The International Organisation of Vine and Wine (OIV) just announced that global wine production is forecast to climb 8.8%, to the highest level in seven years, as grape harvests rebound in Spain, Argentina and France.

The group said that the 2013 vintage should hit 281 million hectoliters (7.4 billion gallons), up from 258.2 million hectoliters in 2012. (The tally previously was estimated at 250.9 million hectoliters.) Italy will remain the largest producer, followed by France and Spain. “After five modest harvests in a row and an exceptionally weak 2012 harvest, wine production in 2013 can be qualified as relatively high,” reported the OIV. “The wine world this year returns to the levels of 2006.” Supply and demand By contrast, Morgan Stanley reported, “Declining global production deepens supply shortage. The global wine industry has seen an excess of 600 million unit cases (almost one quarter of global consumption) in 2004, reduced to just 1 million unit cases in 2012—largely through an ongoing structural reduction in capacity. After adjusting for non-wine uses, demand for wine exceeded supply by 300 million cases in 2012, the deepest shortfall in over 40 years of records.” The Morgan Stanley report continued, “Impact of shortage lags—demand for exports is likely to accelerate in the medium term.” “In the short term, inventories will likely be reduced as current consumption continues to be predominantly supplied by previous vintages. As consumption turns to the 2012 vintage, we expect the current production shortfall to culminate in a significant increase in export demand, and higher prices for exports globally. Further growth in consumption in the meantime may exacerbate the shortage when it comes through.” A contrary view Other observers see a very different picture. Rabobank is one of the world’s leading lenders to the agricultural community. “I understand how they arrived at that conclusion, but I take a bit of a different view from MS (Morgan Stanley),” said Stephen Rannekleiv, executive director of the Food & Agribusiness Research and Advisory sector at Rabobank International in New York. “I don’t see any real tightness in the market, I just think we are moving a little bit closer to balance...and I don’t think we are moving in that direction nearly as fast as it first appeared. It’s worth asking: If the market is so incredibly tight, why are bulk wine prices moving lower in most major regions of the world?” Rannekleiv added that while global yields did decline to some degree, that’s comparing the current position to where we were during a decade of oversupply. “A little bit of tightening is absolutely a good thing. We may lose a little bit of our volume sales, but that is not necessarily a bad thing when you think about how much of what was being sold a few years ago just really wasn’t profitable (think of Portugal selling nearly 7 million cases of wine to Angola in 2011 for an average price of roughly 1 euro per liter.” He said that inventories are not nearly as tight as it seemed they were a year ago for a few different reasons.



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Effect on Health

WebMD talked to experts to learn how we can get the health benefits of wine or alcohol while keeping our weight in check.

Do Like the French?

The French diet is often used as an example of how wine can improve heart health. The French have a fairly high-fat diet but their heart disease risk is relatively low. And some have attributed this to red wine.

But there are so many differences between the lifestyle of the French and Americans from their activity levels to the foods they eat. You cannot isolate red wine as the magic bullet for disease prevention says Alice Lichtenstein, DrS, Gershoff Professor at Tufts University.

Choose whichever alcoholic beverage you enjoy, drink it in moderation and try to have it with meals, advise Lichtenstein and Eric Rimm, DrS, a Harvard researcher.

Arthur Agatston, MD, cardiologist and creator of the popular South Beach diet, encourages patients who enjoy alcohol to also drink it with meals.

"Alcohol can stimulate the appetite so it is better to drink it with food. When alcohol is mixed with food, it can slow the stomach's emptying time and potentially decrease the amount of food consumed at the meal," asserts Agatston. His alcohol of choice is red wine due to the antioxidant resveratrol. However, he agrees that any alcohol in limited quantity will provide the same health benefit.

There is a misperception that red wine is abundant in antioxidants. "It does contain some, but they are not always well absorbed. If you want antioxidants, you are better off eating a spinach salad with vegetables than drinking a glass of red wine," Rimm tells WebMD.

Lower Your Cholesterol

Alcohol also can have a very powerful effect and increase HDL "good" cholesterol by 20% if used moderately and in the context of a healthy diet along with regular physical activity, says Rimm. Higher HDL levels are linked to lower risks of heart disease.

"The research evidence points to ethanol, or the alcohol component, of beer, wine, or spirits as the substrate that can help lower cholesterol levels, increase 'good' HDL cholesterol," he says.

Boost Your Brain

A recent study shows a boost in brain power for women who enjoy a little alcohol. The study, published in the Jan. 20 issue of *The New England Journal of Medicine*, evaluated more than 12,000 women aged 70-81. Moderate drinkers scored better than teetotalers on tests of mental function. Researchers found a boost in brainpower with one drink a day. Moderate drinkers had a 23% reduced risk of mental decline compared with nondrinkers.



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International Wine Supply

“Both Spanish and Italian producers discovered a few million additional hectoliters of wine that they had overlooked when they gave their production estimates from last year.” He noted, “But when prices go high enough, additional wine has a way of ‘magically’ appearing (the same thing happened in Chile a few years ago).” Rannekleiv continued, “While France just had an awful harvest (which is getting lots of attention), Spain’s harvest now sounds like an exceptional bumper crop. I hear speculation that they may become the leading producer in the world this year, overtaking both France and Italy. “As in California, I’m hearing of increasing challenges in Spain to find adequate tank space to accommodate all the juice. With a big harvest in Spain, French wine exports may not miss a beat since much of what gets sold as ‘French’ wine actually is Spanish; buying Spanish bulk wine and selling it as French bottled wine is a great business model.” Rannekleiv added, “While everyone is busy focusing on the vineyards that have been pulled from France, Italy and Spain as part of the EU grubbing up scheme, few realize just how much investment has gone into improving productivity in places like Spain. In spite of removing well over 100,000 acres, Spain may actually see a net increase in production. Most of the acreage taken out had extremely low yields and poor quality. In its place, remaining vineyards have seen massive investments in irrigation, etc. “To account for some wine, he concluded, “We know that production is declining in the EU, but consumption seems to be falling even faster. Much of their excess is increasingly going to China. But I really don’t have answers to: ‘How much is China expanding its wine production?’ That is an enormous piece of this whole puzzle, and I don’t think anyone has a firm handle on that.



“Perhaps another question that is worth asking when it comes to China is just how sustainable their consumption growth will be in the long term. No one really has any visibility on where all the imported wine goes, so just how much of the recent growth has gone to filling channels? Once the supermarkets and restaurants have enough inventories, how much will wine imports continue to grow? It’s a legitimate question that casts some doubt on the expectation of continued double-digit growth rates in Chinese demand for wine. A global outlook Rob McMillan, division relationship manager of Silicon Valley Bank’s Wine Division in St. Helena, Calif., watches and reports on wine trends for that bank’s customers. He said, “As you know, West Coast production hit a record last year and will be close again this year. The Southern Hemisphere—and in particular Chile and Argentina—also had good harvests this past year. He also noted that Europe has been overproducing for years, and it was getting worse with the drop in their per-capita consumption. “In 2006 the EU was paying 131 million euro to convert wine grapes into ethanol. They phased out of the program last year and in intervening years have been removing lesser quality vineyards—all with the intent of reducing EU production. “McMillan said, “The bottom line is while production in EU has fallen, it’s been on purpose. “I’ve seen discussion about China absorbing all the

world's wine, but that kind of analysis ignores the fact China itself is the No. 5 producer in the world of wine grapes now and growing. "Second, the average Chinese can't afford most of the wines Americans enjoy. As a consequence, while world production is decreasing, it's not that scary of a problem. We are much better off than we were several years ago, when there was a lake of wine."

New wine-producing countries are popping up around the world, but not fast enough it seems, as a global wine shortage is looming.

A report released by Morgan Stanley Research on Monday shows that there was an undersupply of about 300 million cases of wine in 2012, the largest deficit recorded in almost 50 years, Quartz reports.

Growing demand in the U.S. and China has played a part in the shortfall, with the latter quadrupling its consumption over the past five years. At the same time production in Europe, which produces 60% of the world's vintages, has declined sharply.

Since 2004, which the report marks as "peak wine," the output from Europe has shrunk by a quarter. Perhaps now is as good a time as any to savor the blessed grape in humbler gulps.

With Alcohol, Moderation Is Key: Easy Does It

Just as you shouldn't eat a 12-ounce steak daily, you need to watch your portion sizes of alcohol as well.

What is one drink?

- 5 ounces of wine

- 12 ounces of beer

- 1.5 ounces of 80-proof distilled spirits, such as vodka

The recommend one drink a day for women and two a day for men. This doesn't mean to can save them up for a weekend party and expect to get the same benefits.

Will a Drink a Day Make You Fat?

A drink a day may help keep your brain sharp and heart healthy but what about the calories?

Alcohol supplies calories with few essential nutrients. If you drink alcohol, it needs to be budgeted into "discretionary calories" to maintain a healthy weight according to the 2005 dietary guidelines.

"Most Americans are sedentary, putting them into the lower calorie levels, leaving little room for alcohol, sweets, and extra fats," states Theresa Nicklas, DrPH, a member of the dietary guidelines advisory committee.

It is more important and healthful to select foods packed with nutrients, such as fruits and vegetables, rather than alcohol when calories are limited. The health benefits of moderate alcohol do not outweigh the risks of being overweight or obese, says Nicklas. An individual on an 1,800-calorie level eating plan only has 195 discretionary calories or the equivalent of a 9-ounce glass of wine or a small dessert. If you want dessert along with your daily allotment of alcohol, you need to increase physical activity to balance your calories to achieve a healthy weight, according to Nicklas.

Double-Edged Sword

A little may be good but too much alcohol can lead to serious problems.

No one should start drinking if they don't already drink, advise Lichtenstein and Agatston. It is well known that alcohol can lead to numerous health problems for many individuals, such as pregnant women and women at high risk for breast cancer (alcohol raises the risk of breast cancer). Individuals with family histories of alcohol abuse should also not drink, says Lichtenstein.

To gain the benefits of good health, do your part to enjoy your one to two drinks per day at mealtime and follow the.



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