

2007 WFA VINTAGE REPORT

June 2007

Winegrape Intake falls to 1.42 million tonnes

The Australian wine industry's grape intake fell in 2007, with an estimated crush of 1.42 million tonnes – just over 25%, or 483,000 tonnes less than last year's vintage of 1.90 million tonnes (ABS).

Red winegrape intake fell in 2007, from 1.04 million tonnes to 678,000 tonnes, a decrease of 363,000 tonnes, and accounted for 48% of the total vintage.

White winegrape intake decreased by just under 120,000 tonnes in 2007, or by 14.0%, to 741,000 tonnes, representing 52% of the total intake.

The reduction in the winegrape intake for 2007 can be attributed to the combined effects of the drought, frosts and bushfire smoke taint.

Red Intake Down 35% to 678,000 tonnes

Shiraz intake decreased by 36%, or by 161,000 tonnes to about 293,000 tonnes, and lost its dominance as Australia's largest winegrape variety, accounting for 21% of the total intake.

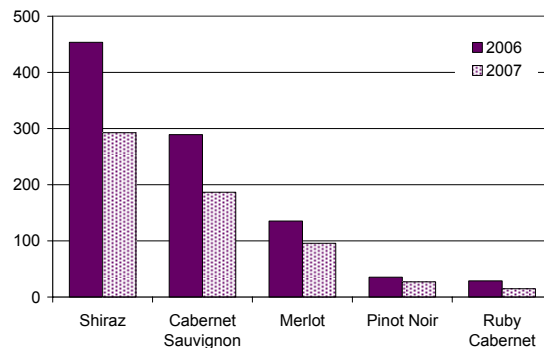
Cabernet Sauvignon intake dropped by 36%, or by just under 103,000 tonnes to 187,000 tonnes, making up about 13% of the total winegrape crush.

Merlot intake fell by 29%, or by just under 40,000 tonnes to around 96,000 tonnes, representing 7% of the total intake.

Pinot Noir intake fell by 23%, or by 8,100 tonnes to over 27,000 tonnes, while **Ruby Cabernet** intake fell by over 48%, or by 14,000 tonnes to just under 15,000 tonnes.

Other red winegrape varieties with intake in excess of 10,000 tonnes include **Petit Verdot** (down by 44% to 14,900 tonnes) and **Grenache** (down by 37% to 14,200 tonnes).

RED WINEGRAPE INTAKE ('000 tonnes)



White Intake Down 14% to 741,000 tonnes

Chardonnay intake decreased by 8%, or by 33,300 tonnes to 395,000 tonnes. The share of the total winegrape crush accounted for by Chardonnay was 28% in 2007. Chardonnay is now the largest grape variety ahead of Shiraz, and well ahead of Cabernet Sauvignon.

Semillon intake dropped by 25%, to 77,300 tonnes, and represents 5% of the total grape crush.

Colombard accounted for just over 4% of the total winegrape crush, with intake falling by over 24% in 2007, from more than 80,600 tonnes to 61,000 tonnes.

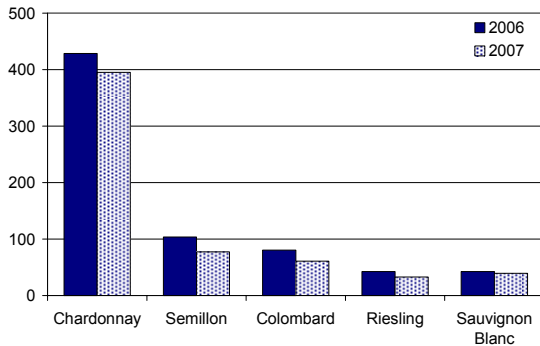
Riesling intake decreased by 23%, or by 9,600 tonnes to around 32,700 tonnes.

Sauvignon Blanc intake decreased by over 7% to nearly 39,500 tonnes.

Multipurpose and other grapes – mainly Sultana and Muscat Gordo Blanco – accounted for around 4.5% of the winegrape crush in 2007, at around 64,500 tonnes. Muscat Gordo Blanco intake fell by over 20% to 50,700 tonnes, while Sultana intake slumped by 25%, to 13,700 tonnes.

Doradillo, Pinot Gris & Pinot Grigio and Viognier, whilst only representing 1.7% of the total intake, have all increased to a combined total of 23,700 tonnes.

WHITE WINEGRAPE INTAKE ('000 tonnes)



Reduced Supply and inventory levels

The considerably lower intake in 2007, notably for red varieties, is expected to significantly reduce wine stocks. This will subsequently relieve some of the downward pressure on wine and grape prices, as the sale of distressed stock dissipates.

Forecast Intake for 2008

With more than 60 per cent of production being sourced from regions that take their supplementary water from the Murray-Darling Basin system, Australian wine grape production in 2008 will be strongly influenced by water allocations for the current irrigation season. Allocations will, in turn, be dependent on the extent of rainfall in the upper catchments over the coming months.

The latest update from the Murray Darling Basin Commission (MDBC) reports that there have been reasonable falls along the River Murray over the last few months and that falls in the upper catchment areas have been near average. Nevertheless the update goes on to say that unregulated inflows to the Hume and Dartmouth storages remain extremely low due to the effects of dry catchments. The MDBC has said that it will take several years of above average rainfalls for storages to return to long term average levels.

Consequently, even under the assumption of average rainfall, state agencies have been unable to provide definitive allocations for the 2007-08 irrigation season. However, it is commonly agreed that without sustained heavy rainfalls there will be little water to allocate to irrigation at the start of the 2007-08 season. Nevertheless the agencies expect that allocations are likely to improve as the season progresses.

In light of this uncertainty the Wine Industry Drought Management Taskforce has projected that, based on a range of water allocation scenarios, national production in 2008 is likely to be similar to that observed in 2007 with the chance of some improvement depending on inflows and irrigation water availability.

Survey Methodology

This survey is the first quantitative national measure of the 2007 vintage, and is used widely by industry, industry analysts and media.

In April 2007, wineries were sent a mail survey to determine the industry's winegrape crush for 2007. Wineries were asked to provide details of their intake for both 2006 and 2007 for processing into wine, brandy, spirit or juice.

The survey response was comprehensive, reaching more than 600 wineries and covering an estimated 88% of the industry's winegrape intake. The aggregated data for the 2007 vintage was compared to the aggregated data for the 2006 vintage to obtain the relative change in the size of the intake. This was then compared to the ABS 2006 intake to estimate the size of the 2007 intake. This approach is slightly different to that used prior to 2006.

It should be noted that the intake estimates for each variety in both 2006 and 2007 are derived from each variety's respective share of the total crush reported by respondents to the 2007 vintage survey.

WINEMAKERS' FEDERATION OF AUSTRALIA

Australian Winegrape Intake

Variety	2006 tonnes	2007 tonnes	2007 % Share	2006-2007 % Change
Red Grapes				
Barbera	680	344	0%	-50%
Cabernet Franc	3,170	2,267	0%	-29%
Cabernet Sauvignon	289,207	186,636	13%	-36%
Durif	6,998	4,502	0%	-36%
Grenache	22,528	14,226	1%	-37%
Malbec	4,108	2,561	0%	-38%
Mataro	10,935	5,965	0%	-45%
Merlot	135,524	95,691	7%	-29%
Muscat a Petit Grains	740	465	0%	-37%
Petit Verdot	26,246	14,833	1%	-44%
Pinot Noir	35,357	27,195	2%	-23%
Ruby Cabernet	28,939	14,930	1%	-48%
Sangiovese	5,889	3,330	0%	-44%
Shiraz	453,677	292,701	21%	-36%
Tarrango	2,811	2,661	0%	-5%
Other Red	14,184	9,818	1%	-31%
Total Red Grapes	1,040,945	678,126	48%	-35%
White Grapes				
Chardonnay	428,567	395,262	28%	-8%
Chenin Blanc	11,390	8,715	1%	-24%
Colombard	80,576	60,925	4%	-24%
Doradillo	1,938	2,226	0%	15%
Marsanne	1,865	1,377	0%	-26%
Muscadelle	884	566	0%	-36%
Muscat a Petit Grains Blanc	906	562	0%	-38%
Muscat Gordo Blanco	63,682	50,707	4%	-20%
Palomino & Pedro Ximenes	1,202	618	0%	-49%
Pinot Gris and Pinot Grigio	9,277	12,648	1%	36%
Riesling	42,393	32,746	2%	-23%
Sauvignon Blanc	42,504	39,463	3%	-7%
Semillon	103,655	77,336	5%	-25%
Sultana	18,211	13,739	1%	-25%
Traminer	11,390	8,976	1%	-21%
Trebbiano	3,974	2,735	0%	-31%
Verdelho	19,589	14,931	1%	-24%
Viognier	7,619	8,778	1%	15%
Other White	10,993	8,338	1%	-24%
Total White Grapes	860,615	740,649	52%	-14%
Total Grapes	1,901,560	1,418,775	100.0%	-25%

Note: For winegrape varieties, shares and percentage changes rounded to the nearest whole number.

Source: ABS (2006), WFA (2007)

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