

The future of wine between optimism and pessimism

scritto da Fabio Piccoli | 14 Settembre 2022



In the past few days, I tried to read the economical prevision for the near future exploiting one of the most trustworthy Italian and international observers. I did that to understand how much these previsions might influence also our Wine sector.

What emerged is a picture difficult to decipher where absolutely optimistic previsions are counterposed to much more worrying visions.

However, I think that we cannot hold the economic observer responsible, even if I defy anybody to have a good understanding of how the global economy can change in the near future in the face of such a complicated scenario that is also unforeseen in many ways.

What is left to do in these situations is to form an opinion, as two esteemed observers, Oxford Economics and Deloitte

Research, did. **Regarding how long the conflict between Ukraine and Russia may last, they created three hypothetical scenarios** (fast resolution, extended war, long-term war). I am grateful to Prof. Eugenio Pomarici, one of the top wine economists on the global stage, for his advice on this topic.

In case of a fast resolution, the two trustworthy observers suppose an inflation growth of 5,3% (before the war it was at 4,3%) and a real GDP that lowers to 3,1% (it was 3,8% before the war); in case of an extended war the inflation may increase up to 6% and the GDO growth previsions may lower to a 2,5%; finally, in case of a long-term war (we all wish it won't come to that), the inflation would risk to pop to 8,3% and the GDO would stop at 1%.

Since the war also has a significant impact on the energetic façade, it is evident that the conflict is the “variable” that determines the bulk of current thoughts on economic growth (and it's connected costs). It takes a lot of optimism to think that such horrific events won't also have a detrimental effect on the façade of wine drinking.

It is true that wine has always been considered an anti-cyclic product which, also in great economic crisis moments, is able to float is not to grow as, for example, we observed during these two years of pandemic. **But the actual combination of negative factors honestly appears to me as the classic “planets alignment”** which makes me think more to an eclipse rather than a sunny day.

An important home observer appears to not share this view: **in its annual analysis of the wine sector report, Mediobanca shows positive previsions.**

A positivity, in this case, which emerges from the evaluations of the 251 Italian societies with capitals that have invoiced more than 20 million euros (2020).

Of course, then, this is a limited observes (considering the 46.000 Italian wine companies) but it is absolutely relevant if we consider their economical weight in terms of produced

volumes and sales realized in Italy and abroad.

According to the entrepreneurs and the managers interviewed by Mediobanca, **the new international scenario seems to not compromise the bills of their wine companies**: the expectations for 2022 let glimpse, in fact, an increase in the overall sells of +4,8%, and +5,6% in the export. In particular, it should continue the sparkling wine growth for which it is expected a greater progress: +5,7 on the overall income and +7,5% in the export.

Moreover, the 91,7% of the leading wine producers, **foresees an income growth of two numbers in the 23,3 of the cases; the amount lowers to 87% regarding the export.**

So, also during the 2022 for the majority of the Italian wine companies' growth should be registered following the trend of the 2021 which brought us to a record regarding the export and to another sells growth regarding the GDO.

What can I say? Surely, being optimistic helps. But I allow myself to point out that in the past few weeks the data that arrive from the GDO have negative signs for wine and even if in part they are due to a physiological decrease after the incredible growth of the past 3 years, they should be carefully analyzed anyway. **It is also true that the interesting growths of the cash & carry channel** (known as the main supply for restaurants and bars) highlights the actual great state of the HORECA channel. But also, in this last direction it is legit to ask ourselves if this is a euphotic momentarily phase or **if we can see it as a long-lasting stand out.**

Everyone knows that Italians, but not only, are eager to move, to go out of the home, to visit restaurants, pizzerias, and bars, but we cannot deny the unavoidable truth: **people will soon learn that they have extremely limited financial resources.**

So, if this were the case, those previsions from trustworthy

world observers that talk about a wine consumption decline for the next months of about 5% and 10%, **may be considered not far from the truth.**

I can only hope that wine will surprise us once more demonstrating to be the king of the counter-tendencies products.