THE LIGHTER SIDE OF BERNSTEIN

Stirling Wines: Shiraz or Syrah? Do You Like 'Em Big and Fruity or Elegant and Earthy?

Trevor Stirling (Senior Analyst) • trevor.stirling@bernstein.com • +44-207-170-5087

Many of you will recognize Shiraz as the grape that has become synonymous with Australian red wine. But Shiraz is the same grape as the French Syrah. Under this guise the grape makes wines such as Hermitage from the Rhône Valley, which has been famous for centuries as one of France's top wines. So how is it, that one grape can make wines of such contrasting style? Let's start with the grape itself and then that schizoid name.

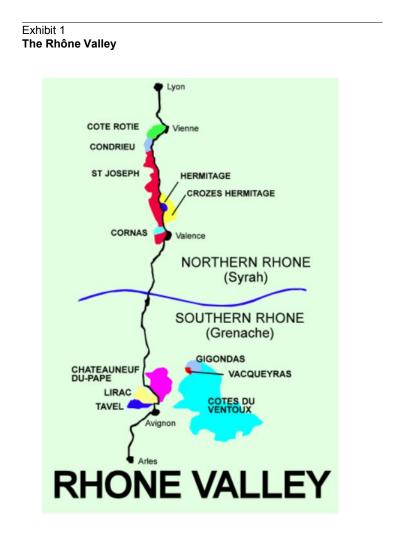
For many years there was speculation that the Syrah/Shiraz grape came from the Middle East, from Shiraz of ancient Persia and had been carried back in the saddle bags of crusaders. This fitted with the earliest archaeological evidence of wine-making from wine residues in pottery jars found in Georgia (about 6000 BC) and the Zagros mountains of modern Iran (5400-5000 BC). However, DNA testing has shown that the grape is a cross of a black variety, Dureza, and a white variety, Mondeuse, both with origins in France's Rhône region. So if the grape has its origins in France, how did it get to Oz?

It seems that cuttings were probably taken from France to Australia in 1832 by James Busby (the so-called father of Australian viticulture). It flourished and was rapidly adopted by New South Wales and spread across the country. Records from that time show that the grape was at that time known as 'Scyras'. So here's my theory about the reason for the divergent name. Try pronouncing Scyras in an Australian accent. Now try pronouncing it the way the French would do, not saying the last letter of the word. It seems to me that 'Scyras' was transmuted to Shiraz in Australia and Syrah in France.

Even though the DNA tracing and etymological detective work is fascinating to a wine-nut like me, drinking the wine is still more enjoyable. The Syrah grape is packed full of anthocyanins, the flavouring compounds that give red wine its colour and body. This means that Syrah-based wines typically benefit from oak maturation, and improve from ageing. So a good Syrah or Shiraz should give you a fantastic mixture of fruit and earthy flavours that come with ageing, with New-World Shiraz typically having more emphasis on fruit and Old-World Syrah being more restrained but earthy.

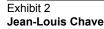
Syrah's spiritual home – The Northern Rhône

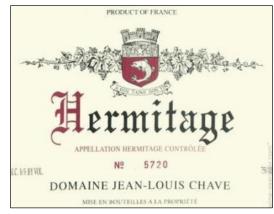
The Northern Rhône valley (**Exhibit 1**) is the spiritual home of the Syrah grape and also the source of the most famous (and expensive) manifestations of the grape: Hermitage and Côte Rôtie.



Source: Shubie's

Hermitage is named after the famous hill of Hermitage, which lies on the river Rhône between Lyons and Valence. This is a very small appellation, not much bigger than a large Bordeaux estate. It was one of France's most famous wines in the 18^{th} and 19^{th} centuries. The combination of southfacing slopes and granite soils makes for very robust wines. Indeed in years gone by, red Burgundies were often explicitly sold on the British market as having been "Hermitagé", i.e. beefed up with a dollop of Hermitage (or more likely a robust but cheaper Southern French red). These are wines that will reward patient cellaring and easily improve over 20 years – a mature Hermitage is the perfect match for full-flavoured game dishes. There are many famous producers in the appellation, often *négociants* (i.e. producers who primarily buy grapes from other growers). The best producers include Jaboulet, Chapoutier, and Guigal, as well as a very good co-operative at Tain. However, my personal favourites are the wine of Jean-Louis Chave (**Exhibit 2**).





Source: Wine-Searcher

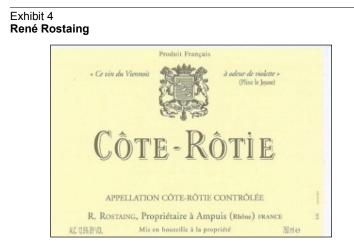
Slightly further up the river is Côte Rôtie (which literally translates as the roasted slope), almost as famous as Hermitage. Here producers soften the rigour of the Syrah grape by adding up to 10% of white Viognier grapes. In the 70s, this area was moribund and plantings were down to about 70ha. However, the reputation of the appellation was restored by one man: Marcel Guigal. And his top three wines La Turque, La Landonne, and La Mouline (also known as the La-La-La's) are superb wines (Exhibit 3).





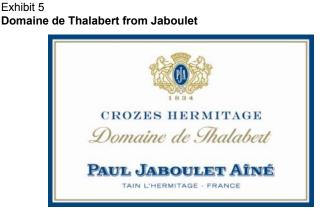
Source: Company image

Côte Rôtie matures somewhat earlier than Hermitage, say 10-15 years and because of the co-fermented Viognier normally has a slight more feminine, velvety style. Once again, game is a perfect match but probably slightly more elegant – think of a pan-fried venison steak with a red-wine reduction and roast parsnips! Other good producers include Jean-Michel Gerin and a personal favourite René Rostaing (Exhibit 4).



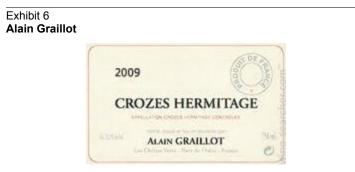
Source: Company images

At a much more approachable level, both in terms of ageing requirements and price, are the neighbouring wines of Crozes Hermitage and St Joseph. Crozes Hermitage is made on the flatter land round around the hill of Hermitage, often by the same *négociants* as in Hermitage itself, such as Domaine de Thalabert from Jaboulet (**Exhibit 5**). The appellation accounts for approx half of the wine made in the Northern Rhône and its wines are softer and fruitier than Hermitage because the soil is more fertile.



Source: Domaines Paul Jaboulet Ainé

As well as the négociants, there are several top-notch local producers such as Alain Graillot, du Colombier, or Yves Cuilleron who is more famous for his Condrieu (Exhibit 6).



Source: Alain Graillot

Across the river from Crozes Hermitage is the appellation of St Joseph, which produces approximately a quarter of the wines of the Northern Rhône. These wines are probably the least sophisticated Syrahs in the region but also the most affordable. If top-class Hermitage costs £00s on release and Côte-Rôtie £30-£50, Crozes Hermitage and St Joseph are typically £10-£20, with St Joseph a notch cheaper. But don't be put off by the lower price point, they are great quaffing wines. A personal favourite is a St Joseph *négociant* wine called Offerus, made by Chave from best Hermitage (**Exhibit 7**).

Exhibit 7 Offerus St Joseph by Jean-Louis Chave

	PRODUCT OF FRANCE	
	Chester & Contest	
	SAINT-JOSEPH Appellation Saint-Joseph Contrôlée	
	Appellation Saint-Joseph Contrôlée	
	Roo	
	Offenus 2009	
	BOTHED BY	1
5	J.L. CHAVE SELECTION	1
75	A CONTRACTOR AND AND A CONTRACTOR AND A CO	AL 1154 P.V

Source: Cellar Tracker

Before we leave the Northern Rhône it's worth touching on an area that is not even officially an appellation, the wines of Seyssuel, close to the town of Vienne and Côte-Rôtie. These vineyards were ravaged by phylloxera and never replanted until the 90s when three growers (Pierre Gaillard, Yves Cuilleron, and François Villard), formed Les Vins de Vienne, pooling their resources to buy land, clear it, and replant it with Syrah (**Exhibit 8**). So far these wines sit outside the official appellation framework and must be labelled VdP (Vin de Pays) or now IGP (Indication Géographique Protégée) des Collines Rhodaniennes.

Exhibit 8 Sotanum from Les Vins de Vienne



Source: Company images

There is also a lot of Syrah planted in the Southern Rhône. However, here it is typically with blended with Grenache and Mourvèdre (hence the Australian phrase GSM), with Grenache typically predominating, for example in Chateauneuf-du-Pape. There is also a lot of Syrah in the Languedoc, where it is used to provide backbone to the more traditional Carignan. Often you will find good producers will produce at top wine that is close to 100% Syrah. These wines typically represent excellent value for money e.g. the top wine from Domaine Clavel called Copa Santa, approx 80% Syrah 15% Grenache and sometimes a splash of Mourvèdre (**Exhibit 9**).



Source: Company images

Syrah is also increasing in popularity in Southern Europe. In Tuscany in Italy, there has been a long-standing movement to producer super-Tuscan based on the Bordeaux stalwarts Cabernet Sauvignon and Merlot. But for me' the climate of much of Tuscany is much closer to Southern France than Bordeaux and hence Syrah should be a better fit. And we now see some of the top producers dabbling in Syrah e.g. Isole e Olena and Fontodi who produce delicious Syrah called Case Via (**Exhibit 10**).

Exhibit 10 Fontodi's Case Via

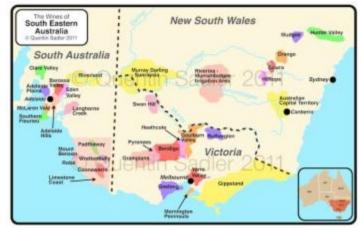


Source: Fontodi

Australia – Spiritual Home of Shiraz

Although I am a huge fan of Syrah-style wine, I also love good Shiraz. Some Aussie Shiraz can be right over-the-top, with too much oak, too much fruit, and too much tannin. However, the best Australian Shiraz tastes a little sweeter and riper (from the warmer climate), more suggestive of chocolate than the pepper and spices often associated with Syrah in the Rhône, but they are balanced and also age very well, typically up to 10yrs and much longer in the case of the very best wines. There are four main regions for good Shiraz in Australia: the Hunter Valley (close to Sydney which was possibly the first area to be planted), the Barossa/Eden/Clare Valleys (north of Adelaide), McLaren Vale (south of Adelaide) and the Grampians/Bendigo/Heathcote area north of Melbourne (Exhibit 11).





Source: The Cork Chronicles, Quentin Sadler

Particularly in the Barossa Valley, there are ancient vines (over 100 years old) that produce wonderful wines with great character and depth – an iron hand in a velvet glove (**Exhibit** 12).

Exhibit 12 Old vine Shiraz in the Barossa Valley

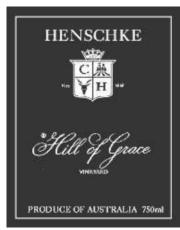


Source: Wikimedia Commons

Perhaps the most famous Australian Shiraz is Penfold's Grange, which typically has a small percentage of Cabernet Sauvignon. However, this is not a single vineyard wine, rather the Shiraz is sourced from across South Australia, including the Barossa Valley, Clare Valley (NW of the Barossa) and McLaren Vale.

Now don't get me wrong, Grange is a superb wine; but if given a choice (and I would never refuse either wine!) I would go for another Australian iconic wine – Henschke's Hill of Grace (**Exhibit 13**), from the Eden Valley just east of the Barossa. Hill of Grace is a translation from the German 'Gnadenberg', a region in Silesia which is the origin of German religious dissidents who settled the valley in the 1840s, including the Henschke family. The oldest block in the 8ha vineyard was planted in the 1860s on their own roots from pre-phylloxera material. This is an amazing wine. According to Henschke, it has " complex aromas of red currants, blackberry and marzipan with hints of five spice, dried herbs, black pepper, smoked charcuterie and layers of fine French oak"; and who am I to disagree? However, it is very expensive, approx £300 on release.

Exhibit 13 Henschke's Hill of Grace



Source: Cellar-Tracker

A much more affordable alternative is Peter Lehmann's Stonewell Shiraz, from the Barossa (**Exhibit 14**). Peter Lehmann was originally a family-owned winery with German roots, then sold to the Swiss Hess Collection, and recently sold on to the Casella Family, owners and producers of the much less expensive Yellow Tail. This like many good Shiraz's is a wine best stored for 10 years.

Exhibit 14 Stonewell Shiraz from Peter Lehmann



Source: The Hess Collection

Another great high quality Shiraz that is widely available and great value for money is d'Arenberg's The Dead Arm, from McLaren Vale (Exhibit 15).

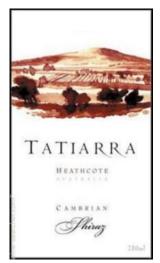
Exhibit 15 The Dead Arm from d'Arenberg



Source: d'Arenberg

Less well known outside Australia are the wines of the upand-coming 'cool' climate region Heathcote, north of Melbourne. I recently drank an amazing 2006 vintage of Tatiarra's Cambrian Shiraz, still available for less than £20 (Exhibit 16).

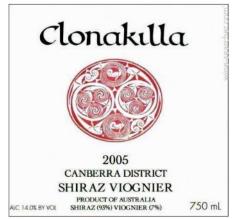
Exhibit 16 Tatiarra's Cambrian Shiraz



Source: Tatiarra

From outside the classic regions, try Clonakilla from Canberra (**Exhibit 17**). They produce amazing Shiraz/Viognier blends following the recipe of Côte-Rôtie.





Source: Clonakilla

Finally, further down the price scale and much under-rated, try storing some Jacob's Creek Reserve Shiraz for a year or two – a snip at £10, £6.66 on offer at Tesco.

Other New World Syrah/Shiraz

Syrah is also planted fairly widely planted across other New World countries. You can normally tell by the label which style the producer has adopted – Syrah/restrained French or Shiraz/exuberant Australian.

Across the Tasman Sea, New Zealand is best known for Sauvignon Blanc from the cooler climate South Island. However, in Hawkes Bay on the warmer North Island, they produce wonderful Syrah, especially in the sub-region known as Gimlett Gravels. Top producers here include Craggy Range (**Exhibit 18**)...



RAGGY RANGE

Source: Craggy Range

...and Te Mata (Exhibit 19).

Exhibit 19 **Te Mata Bullnose**



Source: Wine-Searcher

Elsewhere in the world, Chile is the country to watch for very good value-for-money wines. Because of the North-South spread and the influence of the Pacific Ocean and the Andes, Chile has a huge variety of micro-climates, some of them ideally suited to Syrah/Shiraz. Two personal favourites are Montes Alpha Syrah (Exhibit 20) and wines from a new winery Matetic, which won the Chilean wine of the year award for its EQ Syrah, made from organically grown grapes.

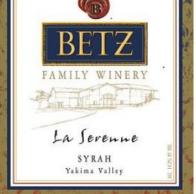
Exhibit 20 Montes Folly



Source: Montes Wines

In the USA, there are great Syrahs from both Washington State and California. The Washington wines are produced on the eastern side of the Cascade Mountains, including the Yakima valley. Try any of the wine of the Syrahs of Bob Betz (Exhibit 21).

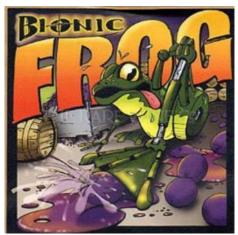




Source: Company images

Cayuse is another great Washington-state winery, founded by a French vigneron Christophe Baron. All his fruit is farmed bio-dynamically, hence the name of Syrah, Bionic Frog (**Exhibit 22**), with amazing label graphics.

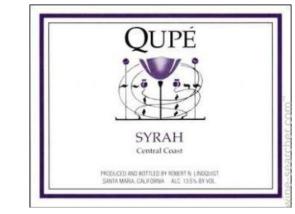
Exhibit 22 Cayuse Bionic Frog



Source: Company images

In California, don't get confused between Syrah and the socalled Petite Sirah which is a synonym for Durif, a French cross of Syrah with Peloursin. For a very classy glass, try the Syrahs of Qupé (**Exhibit 23**), which are based in the Bien Nacido valley in Santa Maria, just north of Santa Barbara and specialize in Rhône-style wines.





Source: Company images

Finally, in South Africa, Mark Kent makes world-class Syrah at Boekenhoutskloof ($\pounds 20+$) in the Franshoek valley near Stellenbosch (**Exhibit 24**).

Exhibit 24 Boekenhoutskloof Syrah



Source: Vineyard Brands

Disclaimer: NOT A RESEARCH REPORT

This does not contain an analysis of any securities of individual companies or industries and does not provide information reasonably sufficient upon which to base an investment decision. Therefore, this opinion piece is not a Bernstein research report. Instead, the views expressed herein represent the personal opinion of the author regarding the products discussed herein. Any reliance upon any opinion, advice, statement or other information in this opinion piece is at your sole risk. To the extent there is any pricing information provided, the prices are only as of the date of the opinion piece and are not intended to represent any survey of market price. Prior to purchasing any third party product discussed in this opinion piece, you are advised to verify pricing and other information.