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2026 Bourbon Market Analysis

For Bourbon Bond Investors and Prospective Wholesale Buyers

Prepared by Victory Spirits Development

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CONFIDENTIAL AND PROPRIETARY ANALYSIS

Executive Summary

- Late-2025 thesis: the bulk whiskey market moved from rapid appreciation into a cyclical correction, with 2026 expected to function as a transition year and 2027-2028 as the primary value-realization window for properly aged inventory.
- 2026 development: large public-company inventory releases are being offered at cost basis rather than maturity value, temporarily anchoring clearing levels for commodity 1-4 year barrels well below maturity-based quote grids.
- Simultaneously, maturity/spec-driven pricing (e.g., platform producers and curated brokered lots) continues to support material premiums for 6-10+ year inventory and for differentiated mash bills and provenance.
- Portfolio implication: the rapid clearance of cost-basis arbitrage inventory improves forward returns for holders of legacy-cost and well-aged barrels once the overhang is absorbed and replacement-cost pricing reasserts.
- Current mark-to-market (VictoryQuotes age grid applied to the Make Offer inventory list): approximately \$110.0M using a conservative 10-year price cap, and approximately \$112.7M using a simple extension beyond 10 years (+\$400/year).

Confidentiality

This report is confidential and proprietary. It is intended solely for Bourbon Bond investors and approved prospective wholesale buyers. Redistribution is prohibited.

1. Baseline Market Thesis (Late 2025)

The late-2025 outlook framed the post-boom environment as a cyclical normalization rather than a structural demand failure. Oversupply was expected to be most acute in younger barrels, while mature barrels were expected to stabilize first as supply becomes less elastic and replacement economics tighten.

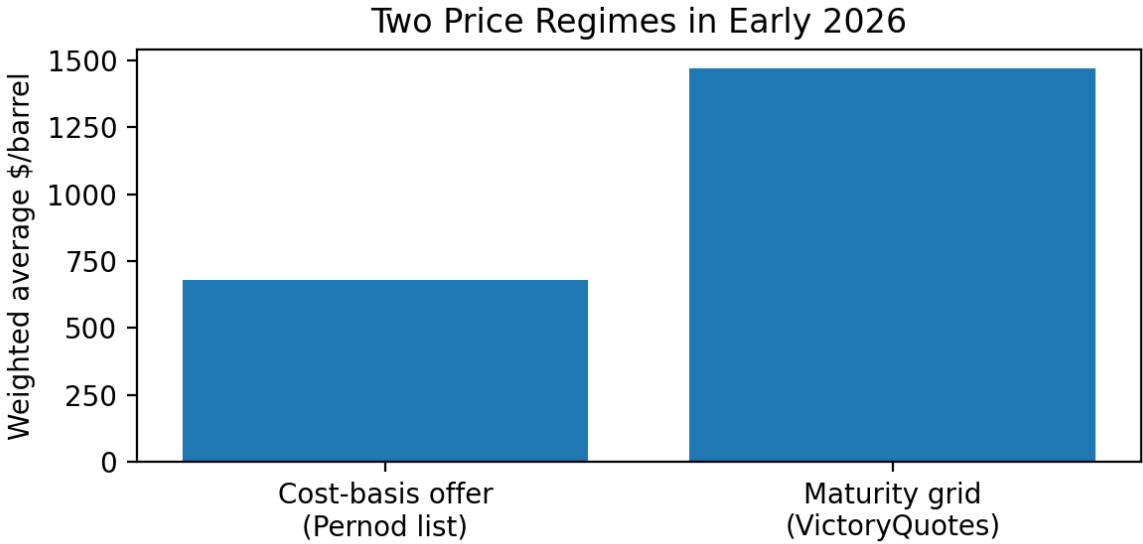
Key timeline expectation (late 2025)	Implication
2025: trough / late-cycle clearing	Price weakness concentrated in 1-4 year barrels; wide bid/ask spreads.
2026: transition and stabilization	Selective liquidity returns; quality and age segmentation increases.
2027: recovery phase	Improved exits for 5-7 year barrels; stronger buyer activity.
2028: tightening in mature supply	Reduced post-2024 production flows into 4+ year supply; premiums re-emerge.



2. 2026 Real-World Developments Overlay

Public-company inventory releases at cost basis (not maturity). A January 2026 release marketed as inventory-for-sale (Pernod Ricard) was priced as a balance-sheet clearing action, creating a near-term clearing anchor for commodity barrels that is materially below maturity-based quote grids.

Metric	Observed (Pernod release)
Total barrels offered	72,248
Weighted average age (years)	2.95
Weighted average offer price (\$/bbl)	\$681
Implied maturity-grid value (\$/bbl, VictoryQuotes)	\$1,468
Implied discount vs maturity grid	54%



Interpretation. Early 2026 features two price regimes: (1) cost-basis clearing for substitutable young barrels, and (2) maturity/spec-driven pricing for curated or differentiated inventory (notably 6-10+ years). The coexistence widens bid/ask spreads in the near term but accelerates the removal of arbitrage supply from the market.



3. Market Indications from Victory Listings and Platform Producers

Victory Spirits listings illustrate where the market clears when inventory is priced and traded on maturity/spec rather than cost basis. The listings show continued premiums for 6-10+ year inventory and sharp step-ups for scarce older KY barrels.

Representative indications (Jan 2026 listings)	Illustrative data point
IN Bourbon 75/21/4 (approx. 7-9 yrs)	Wholesale ~\$935/bbl; best-volume ~\$898/bbl (100+ bbl lots).
KY Bourbon 60/36/4 (approx. 8-9 yrs)	Wholesale ~\$1,595/bbl; best-volume ~\$1,531/bbl (25+ bbl lots).
KY Bourbon (approx. 11+ yrs, scarce lot)	Quoted ~\$5,170/bbl (limited availability).
TN Bourbon 75/21/4 (approx. 3 yrs)	Wholesale ~\$2,090/bbl in certain lots; demonstrates spec/provenance

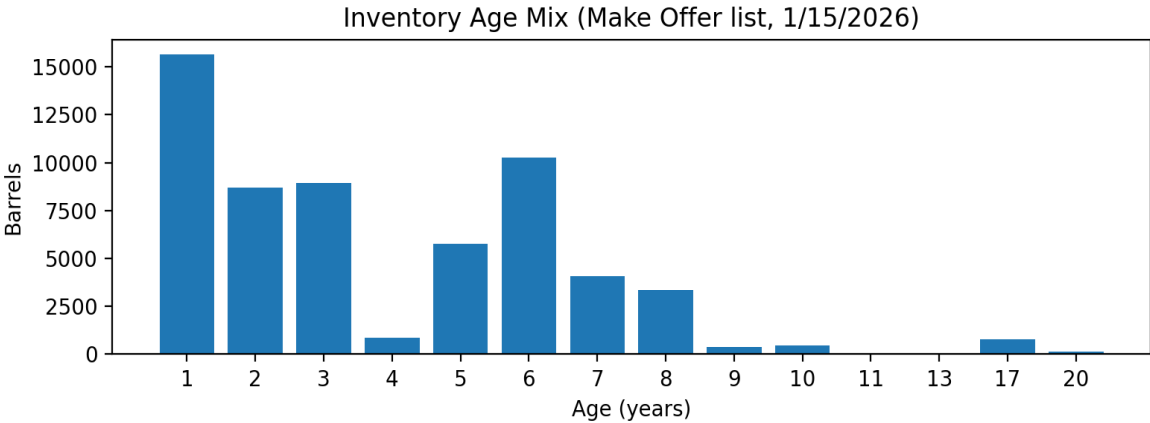
These indications are directionally consistent with the thesis that maturity and provenance become decisive differentiators once cost-basis clearing inventory is absorbed.



4. Portfolio Market Valuation (Age Grid Basis)

This section applies the VictoryQuotes Q4-2025 age-based market grid to the January 2026 Make Offer inventory counts by age. Two marks are presented: (A) conservative pricing with 10+ years capped at the 10-year price, and (B) an extended curve beyond 10 years using a +\$400/year step consistent with the 9-to-10 year increment in the grid.

Age (yrs)	Barrels	Grid \$/bbl	Value (Cap 10+)	Value (Extended)
1	15,645	\$1,000	\$15,645,000	\$15,645,000
2	8,713	\$1,300	\$11,326,900	\$11,326,900
3	8,952	\$1,600	\$14,323,200	\$14,323,200
4	862	\$1,800	\$1,551,600	\$1,551,600
5	5,780	\$2,000	\$11,560,000	\$11,560,000
6	10,249	\$2,500	\$25,622,500	\$25,622,500
7	4,073	\$2,900	\$11,811,700	\$11,811,700
8	3,363	\$3,300	\$11,097,900	\$11,097,900
9	383	\$3,700	\$1,417,100	\$1,417,100
10	445	\$4,100	\$1,824,500	\$1,824,500
11	6	\$4,100	\$24,600	\$27,000
13	4	\$4,100	\$16,400	\$21,200
17	776	\$4,100	\$3,181,600	\$5,354,400
20	143	\$4,100	\$586,300	\$1,158,300
Total	59,394		\$109,989,300	\$112,741,300



Under the conservative mark, the implied portfolio value is approximately \$110.0M (weighted \$1,852/bbl). Under the extended mark, the implied value is approximately \$112.7M.



5. Implications for Bourbon Bond Investors and Wholesale Buyers

- **Investors (duration advantage).** Cost-basis releases pressure near-term marks for young barrels but accelerate the clearing of arbitrage supply, improving prospective returns for holders of legacy-cost and mid-curve inventory (5-7 years) as the market normalizes.
- **Wholesale buyers (timing and segmentation).** 2026 is an opportunity to secure volume in younger ages at distressed clearing levels when available, while securing differentiated 6-10+ year supply before mature supply tightens in 2027-2028.
- **Positioning by age band.** 1-3 years: buy selectively when priced at or below cost-basis clearing. 4-7 years: core hold with disciplined exits. 8-10+ years: prioritize quality/provenance; scarcity supports premiums as replacement-cost pricing reasserts.
- **Execution.** Favor large-lot negotiations (1,000+ barrels) for price leverage; require clear chain-of-title and storage account controls; model carry cost and evaporation explicitly in underwriting.

Appendix: Source Documents and Definitions

Primary internal inputs: (i) VictoryQuotes Q4-2025 age pricing grid, (ii) Victory Spirits Marketplace listings as of 1/19/2026, (iii) Make Offer consolidated inventory list (count as of 1/15/2026), and (iv) Pernod Ricard inventory-for-sale list dated 12/05/2025 (valid through 12/31/2025).

