



March Madness Adds Up

All the rain this March was not enough to dampen the grape and bulk wine markets. Turrentine Brokerage sold over 30,000 tons of grapes and almost 3,000,000 gallons of wine in over 300 separate sales in March, and we have the muddy boots and cauliflower ears to prove it. While demand is strongest at the lower end of the market, we also set a record for the highest price per gallon for a wine in bulk. In some past years during tough times, we have sold wine for distilling or vinegar for \$0.50 per gallon. We have also sold large volumes of wine over the years at \$5.00 per gallon. But this is the first time we have sold wine - over a thousand gallons of Napa Valley Cabernet Sauvignon - at \$50.00 per gallon. Of course, it was also one of the very best wines we have ever sold.

Snakes in the Vineyard



Lady Bird Johnson once remarked that her husband, President Lyndon Johnson, was “busier than a Texas rancher with two rattlesnakes and one hoe.” I don’t know exactly what President Johnson was busy doing but that sounds a lot like the excitement of managing inventory in the wine business. Rattlesnake number one is excess supply. While you are busy getting that deadly snake under control, rattlesnake number two slithers up behind you, representing shortage of supply. By the time you get that under control, snake number one has recoiled and is ready to strike.

Turrentine Brokerage provides two types of data that are critical to getting a handle on the hoe of inventory management. The first of these is a chart that shows a five year history of bulk wine inventory. Because the bulk market is a pressure relief valve that reflects the overall inventory picture of the California wine business, this data snapshot is the best proxy available for total inventories, including grapes, bulk wine for sale, bulk wine destined for bottling and bottled casegoods. It would not be an exaggeration to say that those who understand this data are the folks who know how to wield the hoe; that is, they can respond quickly and profitably to changes in the inventory situation.

The second critical data snapshot is our projection of future grape production by variety and area. Turrentine Brokerage has developed the most complete and up-to-date database in the business for tracking plantings, graftings, removals, yield curves, and tonnage ranges by variety and area.

Projections, of course, are just projections and Mother Nature always changes things up to make sure that actual results vary. Nevertheless, these projections are based on the most real-world data and provide the best insight into future supply available anywhere. Of course, it is important to note that the context for these grape production charts is different than for the bulk wine charts. The **bulk wine charts show inventory that is uncommitted and available** for purchase. It is therefore a direct indication of available supply. It is also an indirect but nevertheless important indication of demand because wineries list more wine for sale when they are facing slack demand and they remove wine from the market when they have strong demand. The **grape tonnage projections**, on the other hand, provide information on **total supply** but **not** on the balance between supply and demand. This is because the grape charts show the entire projected production, and not just what is uncommitted. This is an extremely important difference. Sometimes a grape buyer will look at one of our charts, for example, future Northern Interior Pinot Noir production, and confidently assert that he or she will have no trouble purchasing all the Pinot Noir grapes they want in future years because total production is expected to rise significantly. This confidence is misplaced because little of that future Northern Interior Pinot Noir is uncommitted. Most of it is winery owned or under long-term winery contract. And the wineries that own or control this production have rapid growing brands. Unless some dramatic change takes place, they are likely to need more Pinot Noir, not less. The supply of Pinot Noir grapes may be increasing but demand is currently growing even faster. This illustrates the fact that, to keep those rattlesnakes at bay, you need not just the right data, but the right data in the right context.

Dour Faces Starting to Smile in World of Wine

Turrentine Brokerage President, Steve Fredricks, and Bulk Broker, Stephens Moody, just returned from the huge Prowein show in Germany, an event attended by wine buyers and sellers from all over the world. During the visit they met with wine producers, wine buyers and our strategic brokerage partners around the world. In the last few years, the effects of the Global Financial Crisis and recession have doured the mood, however, the mood shifted for 2011. The producers are willing to hazard a smile because of a reduction in supply, especially for Cabernet Sauvignon, Merlot, and Chardonnay, due to shorter than normal harvests in most of the world in 2010 and the expectation of a short 2011 in most of the Southern Hemisphere. The buyers are relieved to be buying again because of economic recovery and resulting increased consumption. The change was evident in the fact that buyers were willing to accept higher prices, to make firm commitments for 2010 wines and were interested in talking now about 2011 commitments.

The World of wine is a big place and hard to update all in a few paragraphs. Give us a call for more specific details or options for bulk or bottled wine.

Third Generation Makes Good

It never hurts to be the grandson of the founder of the company. A well-known last name helps to get you in the door the first time. In a personal service business, however, what gets you in the door the second time is results. Matt Turrentine, grandson of Turrentine Brokerage founder, Dan Turrentine, is all about results. His first job with the company was as janitor when he was ten - and he kept the place clean. Seven years ago, he signed on as the support person assisting our grape brokerage team. For almost six years now, he has handled grape sales for Turrentine Brokerage in Paso Robles, Edna Valley, and Santa Barbara County - and he now represents some clients in Monterey County. His family name may have opened some doors but it was results that have gotten him to where he is today. Matt is now brokering a high percentage of the total tonnage available in Paso Robles and the rest of San Luis Obispo and Santa Barbara Counties. In recognition of his achievements, Turrentine Brokerage President, Steve Fredricks and Vice President, Brian Clements have asked Matt to join the company as a partner. Matt is excited to be part of the dynamic team at Turrentine Brokerage - which is 100% employee owned. Congratulations Matt!

New Team Member Furthers Commitment to Superior Information

Turrentine Brokerage is committed to providing our clients with the best information on the often mysterious dynamics of the supply-side of the wine business. To further that commitment, the company has hired Daniel Tugaw as a full-time Market Researcher and Analyst. Daniel spent the first two years of college at Sonoma State, where he developed an interest in the wine business. He graduated from the University of Colorado, Boulder with a degree in Business Management and a special interest in statistical analysis. Daniel honed his analytical skills in the financial consulting business and at RealD, a 3D technology company. Daniel is fascinated by the complexity of the wine business and the power of superior information to afford clients a competitive advantage. He will help manage Turrentine's research and the dissemination of market insights to our clients through our outstanding team of brokers and through *The Turrentine Outlook* publication. Welcome Daniel!



Daniel Tugaw
Market Researcher and Analyst

Market Opportunities

**Note to all growers: Markets are shifting. We need to know now what you have available for 2011 and in the future in order to provide you with the right opportunities. Contact us!*

Bulk Wine Needed	Grapes Needed	Bulk Wine Available	Grapes Available
<i>Napa Valley, 2009 & 2010 Merlot</i>	<i>Napa Valley, Grenache</i>	<i>2010 Merlot Central Coast Load quantities</i>	<i>Mountain Appellated Napa Valley, Cabernet Sauvignon Various lots</i>
<i>California, 2009 & 2010 Zinfandel</i>	<i>Sonoma/Napa, truck load quantities of Cabernet Franc</i>	<i>2010 Syrah Central Coast Load quantities</i>	<i>Dry Creek Valley, Zinfandel Truck load quantities</i>
<i>Russian River, 2010 Pinot Noir</i>		<i>2009 Late Harvest Chardonnay, Clarksburg 5,000 gallons</i>	<i>Contra Costa County, Pinot Grigio 350 tons</i>
<i>Clarksburg appellation, Barrel aged 2009 Chenin Blanc Viognier Blend, 5,000 gallons</i>		<i>2010 Viognier Central Coast Load quantities</i>	