



Market Update

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2016 UNDERWAY

In order to set the stage for today's market update, it is important to understand how Mother Nature helped balance the market with a 2015 crop of 3.7 million tons, 5% below 2014. The decrease was due to the combination of the crop in the coastal regions being down 29% from 2014, and up 5% in the San Joaquin Valley. Our Central Coast grape broker, Audra Cooper, recently said, "Bloom proved to be a challenging time for the Central Coast in 2015. Widespread shatter set up

Crush District 8 for a lighter crop; however, once harvest was upon us, it was clear the 37% decrease of Paso Robles Cabernet Sauvignon and the 39% decrease of Santa Barbara County Pinot Noir were going to leave the market needing more." The crop was down in the North Coast for the same reasons as the Central Coast.



	Tons Crushed 2015	Tons Crushed 2014	Net Gain/Loss	Percent Change
North Coast	418,011	555,149	(137,138)	-22%
Central Coast	369,107	559,753	(190,647)	-34%
Northern Interior	856,341	870,224	(13,883)	-2%
Southern Interior	2,034,991	1,882,298	152,692	8%

	Tons Crushed 2015	Tons Crushed 2014	Net Gain/Loss	Percent Change
Chardonnay	633,005	718,029	(85,024)	-12%
Cabernet Sauvignon	454,695	510,179	(55,483)	-11%
Pinot Noir	184,233	245,751	(61,519)	-25%
Merlot	252,549	282,300	(29,751)	-11%
Zinfandel	387,958	355,599	32,359	9%
Pinot Grigio	184,985	181,938	3,047	2%
Syrah	92,811	114,298	(21,487)	-19%
Muscat Varieties	256,454	245,532	10,922	4%

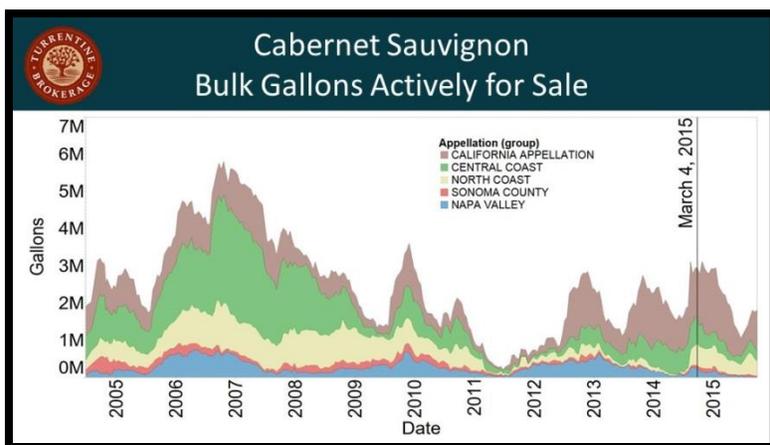
Source: 2015 Preliminary CDFA Crush Report

BULK WINE MARKET

"The bulk market continues to be active as we head into the second quarter. There is demand for coastal bulk coming off the light 2015 crop as key varieties such as Sonoma County Chardonnay, statewide Pinot Noir, statewide Cabernet Sauvignon and dark red blends lead the charge. More and more wineries and negociants are partnering up for supply contracts for 2016 and beyond. There are still significant quantities of wine in inventory from 2013 and 2014 that need to be moved."

-William Goebel, Bulk Wine Broker

For Cabernet Sauvignon, the market continues to be active for Napa Valley and Sonoma County 2014 and 2015 vintage wines with fewer gallons actively for sale than years past. Prices seem to have topped out with recent sales of Napa Valley in the \$40 to \$45 range. Reserve quality and sub appellation Napa wines are selling for \$55 to \$60 per gallon. Supply of Paso Robles remains tight



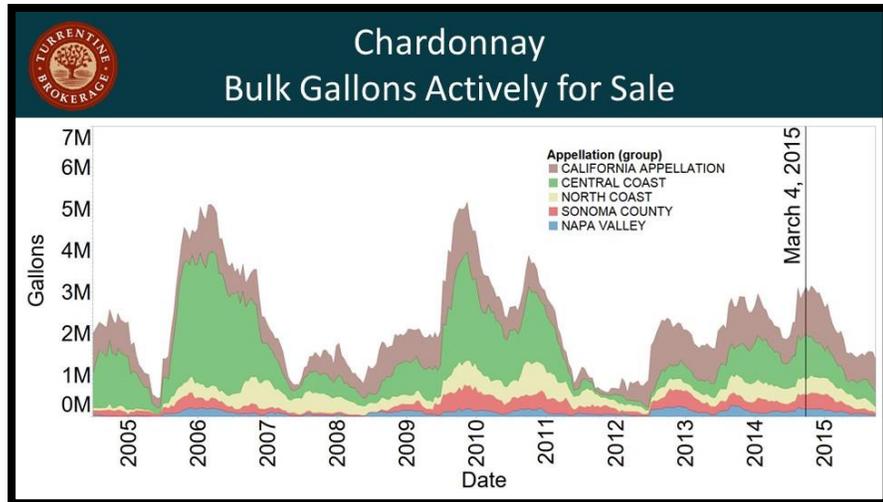
and asking prices for most wines for sale are around \$20 per gallon, which has been paid by the few people that need the appellation, but has caused other buyers to look back at Lake and Mendocino or Lodi. Recent sales of Lake and Mendocino have been in the range of \$15 to \$17 per gallon. Buyers would close deals on more gallons, but asking prices are too high for

most. In Lodi, the activity has been for the best quality 2015 wines. There is plenty of California appellation volume from 2014 and 2015 still available.

Chardonnay volume from all appellations has decreased from last year at this time, and demand is slightly stronger overall. The Chardonnay market is most active for 2015 Sonoma County lots, especially from Russian River. Any lots that become available have plenty of interest, and volume actively for sale is very low. Demand has increased for 2015 Monterey and Santa Barbara

Chardonnay bulk wine, but very few gallons are actively for sale.

There is the same dynamic for Sonoma County Pinot Noir lots as with Chardonnay—multiple buyers are in the market for 2015 lots and very few gallons for sale.



Monterey and Santa Barbara County bulk supply is also limited with good demand, but not to the level of demand for Sonoma County wines. Demand for quality California appellation Pinot Noir is stronger than last year, but is more centered on 2016 and beyond than on 2015 wines at this point.

GRAPE MARKET

"Early re-signs and buying are taking more grapes off the market as we prepare for what could be a March Miracle of rain and snow. We have contracted more grapes at this time than a year ago in 2015, from Lodi to Monterey and points in between. Early bird catches the worm."

-Erica Moyer, Partner/Grape Broker - Interior & Monterey County

"Re-signs, along with new deals with grapes out of contract, are currently in full force in the North Coast. With limited inventory available in Napa and Sonoma counties, buyers have been actively looking at availability in Lake and Mendocino Counties. Activity is a lot earlier in the season than we have seen in previous vintages."

-Mike Needham, Grape Broker – North Coast

The quotes from Erica and Mike really sum up the grape market, which is certainly a change from one year ago. In the coastal regions, the lighter crop has brought increased early-season demand, especially for Cabernet Sauvignon, Pinot Noir, and Chardonnay grapes with many deals being completed for multiple years. In the San Joaquin Valley, the larger than average crop in 2015 has meant activity is slower than the coast. Most California appellation supply is already contracted. There is not an excess of grape tonnage actively for sale at this time in either the coastal regions or the San Joaquin Valley, but there are still opportunities, so please call us soon to discuss your position in the market.

Looking Forward

Casegood inventories and sales will determine whether buyers increase offers to match asking prices where there is a stand-off, or whether buyers look at substitute varieties or regions. The 2016

crop size will also have an impact on the markets, once we see cluster counts and how the Spring weather shapes up. If there are more than two clusters per shoot, buyers may not be as willing to pay the higher asking prices.

In conclusion, the markets are different from last year, moving fast, and can be volatile, so please contact your favorite Turrentine broker to get a more personalized update for your unique position in the market.

TURRENTINE ON THE ROAD



Don't miss **Audra Cooper**, *Partner & Central Coast Grape Broker*, and **William Goebel** *Central Coast Bulk Wine Broker*, as they present at the **22nd**

Annual CENTRAL COAST INSIGHTS event in Paso Robles

on March 10th, which addresses the needs, challenges and trends affecting the wine industry on the Central Coast. [Click here for event info](#)



Audra Cooper

William Goebel



Erica Moyer



Speaking again at the largest wine industry event south of San Francisco, is *Partner and Grape Broker Erica Moyer (Central Coast, Interior and Monterey County)*, along with **Audra Cooper**, *Partner and Grape Broker (Central Coast)*. The outlook of the current market of grapes and bulk wine will be the topic, giving attendees valuable information in planning ahead. Look for **Neil Koch**, *Bulk Wine Broker* at our



Audra Cooper

booth in the exhibit hall. The WiVi Conference features concurrent sessions by top industry leaders on regional viticulture, enology and DTC topics and gives attendees the opportunity to understand and experience new trends and technology. The dates are **March 15th and 16th** at the Paso Robles Event Center. [Click here for agenda info](#)



Steve Fredricks

President **Steve Fredricks** is preparing for his annual trip to **PROWEIN** in Germany. He always comes back with some great insights into the foreign markets to pass on to our customers.

Turrentine brokers California wines in a variety of foreign countries, including Canada, Sweden, Norway, Denmark, France and the U.K., and helps clients source imported wines from across the globe, including Australia, Chile, Argentina, France, Italy and Spain.

Turrentine Brokerage's international experience, long term strategic relationships and dynamic connections are an invaluable help in avoiding problems and finding reliable international partners.

If you are going to Prowein, feel free to contact Steve. He is always happy to buy you a coffee and discuss opportunities.



MARC CUNEO: NEW TURRENTINE PARTNER

Marc Cuneo, a high-energy and high performing Bulk Wine Broker for Turrentine Brokerage has recently gained Partner status. Marc joined Turrentine Brokerage as a Bulk Wine Broker in 2010, bringing industry experience ranging from grower relations to wine marketing. Since joining Team Turrentine, Marc has gained experience with a diverse client list ranging from large wineries to small wineries and negotiants. Marc has also gained experience with our International partners negotiating successful deals for European and South American wines. Marc is also a regular speaker on bulk wine market trends at a number of wine industry events. We are excited to have Marc as a partner at Turrentine Brokerage.



Marc Cuneo

BULK WINE MARKET OPPORTUNITIES

AVAILABLE

- >2014/2015 CA/Lodi Cabernet Sauvignon: 37 lots
- >2014/2015 North Coast Cabernet Sauvignon: 32 lots
- >2014/2015 CA/Lodi Zinfandel: 27 lots
- >2014/2015 Central Coast Merlot: 39 lots
- >2014/2015 CA/Lodi Merlot: 28 lots

NEEDED

- >2014/2015 Napa Valley & Sonoma County Cabernet Sauvignon & Merlot
- >2015 CA/Central Coast/North Coast Pinot Grigio
- >2014/2015 Paso Robles Cabernet Sauvignon
- >2015 Central Coast Pinot Noir & Chardonnay
- >2015 CA/Lodi Pinot Noir
- >2015 Sonoma County Chardonnay & Pinot Noir
- >2015 Sauvignon Blanc All appellations

GRAPE MARKET OPPORTUNITIES

AVAILABLE

- >Westside Paso Robles Cabernet Sauvignon: truckload quantities and greater
- >Paso Robles Malbec: 50 tons
- >Paso Robles Grenache: 10-25 tons
- >Santa Ynez Grenache: 1 truckload
- >San Luis Obispo: Chardonnay & Pinot Noir, truckload quantities and greater
- >Sonoma County Chardonnay, truckload quantities

NEEDED

- >Napa Cabernet Sauvignon
- >Sonoma County Cabernet Sauvignon

BULK WINE BROKERS	GRAPE BROKERS
<p>Steve Fredricks (415) 847-0603 President Bulk Wine</p>	<p>Brian Clements (415) 495-8151 Vice President Grapes</p>
<p>Steve Robertson (415) 827-0110 Broker/Partner, Bulk Wine <i>All California & Interstate Regions</i></p>	<p>Erica Moyer (209) 988-7334 Broker/Partner, Grapes <i>Interior & Monterey County</i></p>
<p>Marc Cuneo (707) 217-1369 Broker, Bulk Wine <i>North Coast, Interior & International</i></p>	<p>Audra Cooper (805) 400-9930 Broker/Partner, Grapes <i>Central Coast</i></p>
<p>William Goebel (415) 798-5515 Broker, Bulk Wine <i>Central Coast & North Coast</i></p>	<p>Mike Needham (707) 849-4337 Broker, Grapes <i>North Coast</i></p>
<p>Neil Koch (415) 686-6669 Broker, Bulk Wine <i>North Coast & Interior</i></p>	