



Market *Update*

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The 4.03 million ton 2016 crop is in the rear-view mirror now that the final 2016 California Grape Crush Report has been released, effectively wrapping up a harvest that highlighted a return to long-term average yields per acre in the coast. Because of the difficult coastal 2015 crop, the increases in the overall tons crushed in the Central Coast were only up 4%, and 1% over the five-year average in all of the North Coast despite new plantings coming into production. Another story line from the Crush Report was the increased tons from the Lodi/Delta driven by new acres of Cabernet Sauvignon among other varieties. The Cabernet Sauvignon crop was 28% over the five-year average, and 16% over the five-year average for all varieties in the Lodi/Delta. This increased production is significant since wineries are more confident in using an increasing percentage of wine from the Lodi/Delta for \$10.00+ per bottle programs due to new and improved vineyards and winemaking techniques. Due to the volume sourced for \$10.00+ per bottle brands, distributors and retailers may have ample selection for in-demand varietals at preferred bottle prices keeping the consumer market competitive.

	Tons Crushed 2016	Tons Crushed 2015	Net Gain/Loss	Equivalent Gallons	Percent Change	Percent Change vs. 5-Year Avg.
North Coast	551,970	420,399	91,572	15,109,000	22%	1%
Central Coast	509,728	370,987	138,741	22,892,000	37%	4%
Northern Interior	1,031,577	857,779	173,798	28,677,000	20%	16%
Southern Interior	1,922,764	2,033,858	(111,094)	(18,330,000)	(5%)	0%

	Tons Crushed 2016	Tons Crushed 2015	Net Gain/Loss	Equivalent Gallons	Percent Change	Percent Change vs. 5-Year Avg.
Chardonnay	672,417	633,572	38,846	6,410,000	6%	(1%)
Cabernet Sauvignon	557,191	455,594	101,598	16,764,000	22%	18%
Pinot Noir	249,503	184,969	64,534	10,648,000	35%	12%
Merlot	266,949	252,889	14,061	2,320,000	6%	(11%)
Zinfandel	414,558	388,396	26,162	4,317,000	7%	3%
Pinot Grigio	243,654	185,188	58,467	9,647,000	32%	33%

Source: 2016 NASS Grape Crush Report

"The way I see it, if you want the rainbow, you gotta put up with the rain." -Dolly Parton

For the first time in recent memory water has been plentiful and California growers in some regions may receive 100% surface water allocations which hasn't happened in over a decade, however actual figures have yet to be released. Meanwhile, the State Board recently said in a press release, "As glorious as the first half of the season has been, we know that weather can change quickly, and vary depending on where you are, so it is most prudent to wait a bit longer until close of the rainy season to take stock of the statewide situation and decide what to do next." Time will tell what actual allocations will be, but they appear to be significantly up from recent years.

The abundant snowpack and rainfall after years of drought has many growers and wineries expecting the 2017 crop to be above average at this point. The first sightings of bud-break are taking place in the San Joaquin Valley and the Central Coast. This timing is later than last year in California and may help reduce the threat of frost, but growers and wineries will need to monitor any potential future storms as the water could shift from having a positive influence on 2017 crop size to a negative. Regardless, the winter rains have been particularly beneficial for the southern interior and Paso Robles to alleviate many of the accumulated effects of drought and to flush accumulated salts from root zones.

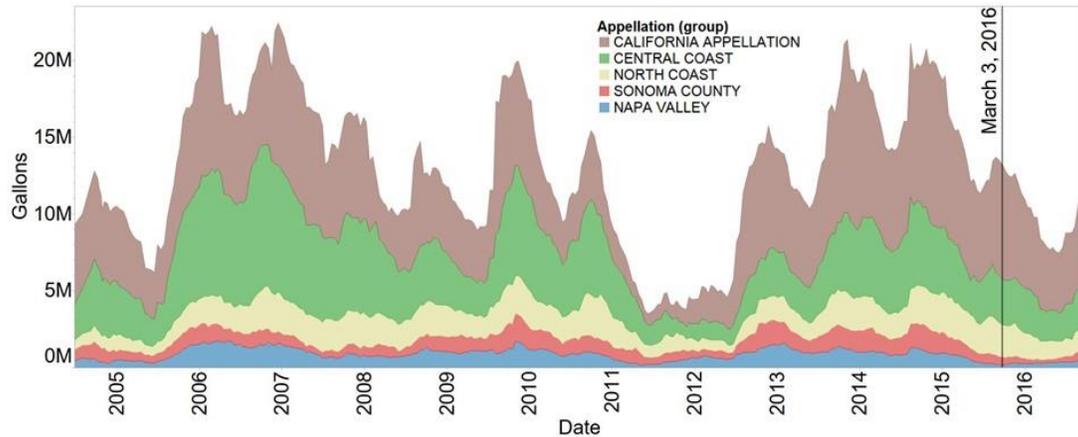
Many coastal wineries are starting the 2017 season with greater inventory following the larger crop last year. However, grape supply of Cabernet Sauvignon, Pinot Noir, Chardonnay and many other varieties all continue to be tight in the coast, especially for the most sought after appellations of Napa Valley, Sonoma County, and parts of the Central Coast which has led to strong spot-market pricing. We have multiple buyers active in the grape markets for Napa Valley and Sonoma County Cabernet Sauvignon and Sonoma County Pinot Noir, the varieties which have had the highest price increases in recent years on the bulk wine and grape markets. This demand has led to an increased number of multi-year grape contracts.

Bulk Wine Market

Bulk wine buyers across all price points and regions have choice of lots due to more volume for sale which has led to increased quality standards and offering prices that are generally lower than last year. On the other hand, much of the current bulk supply, primarily from the interior, is controlled by wineries that have some options as the next harvest approaches, which generally means a higher floor for bulk prices on the market. Overall, the bulk market is quieter than last year at this time.



Bulk by Region

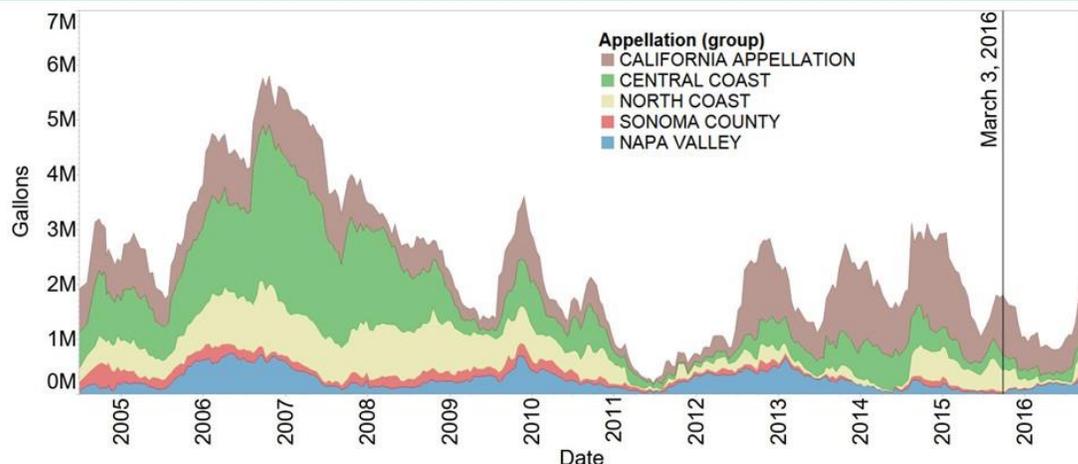


Sonoma County continues to be the hottest market, especially for Chardonnay, Pinot Noir and Cabernet Sauvignon, but we are seeing some push back on asking prices. Recent sales of Sonoma Cabernet Sauvignon have been in the mid-\$30.00 per gallon range, regardless of vintage. Sonoma County Pinot Noir has been selling in the mid-\$20.00 per gallon range for 2016 lots, and 2016 Sonoma County Chardonnay has been moving between \$18.00 to \$22.00 per gallon. Other markets currently active are Lodi Cabernet Sauvignon, which has been selling between \$7.00 to \$9.00 per gallon, and Central Coast Chardonnay, where recent deals have been between \$13.00 to \$16.00 per gallon.

In several other areas of the state, we have noticed stand-offs in price, and neither buyer nor seller seem overly motivated to move supply at this point in the year. This is particularly true for North Coast and Napa Valley Cabernet Sauvignon. Buyer's offers are lower than sellers asking prices but still relatively strong historically which has somewhat slowed a market that has been strong for some time now.

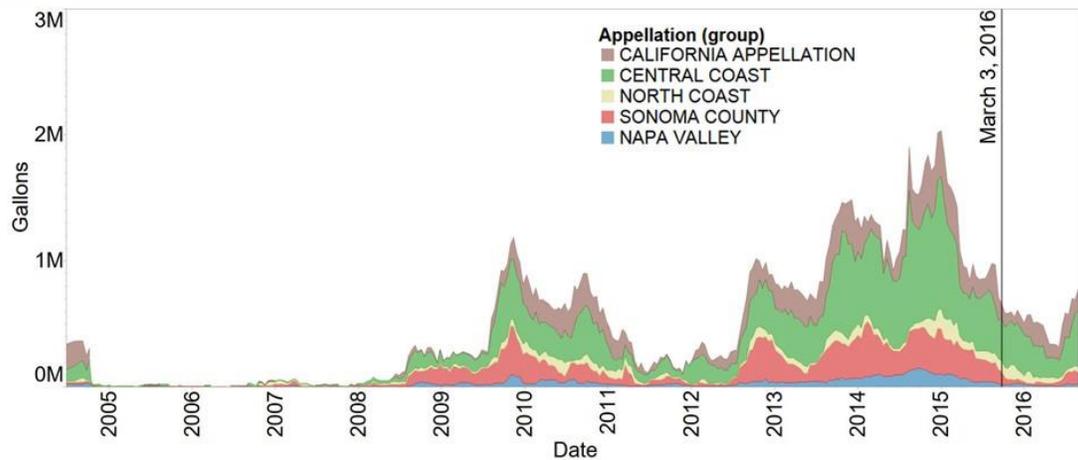


Cabernet Sauvignon Bulk Gallons Actively for Sale

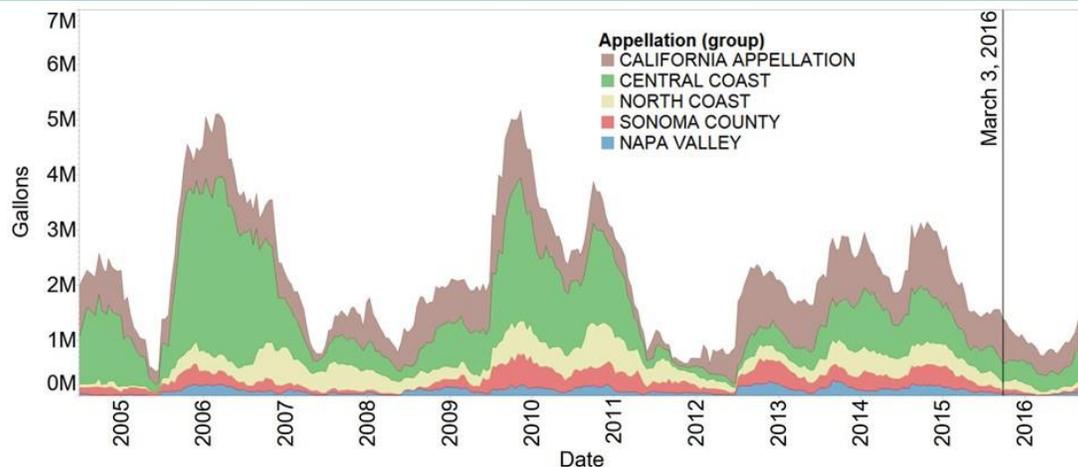




Pinot Noir Bulk Gallons Actively for Sale



Chardonnay Bulk Gallons Actively for Sale



Overall, there is steady bulk wine and grape demand with market activity coming off of a 4-million-ton harvest which is great news. The grape markets are currently more active than bulk, and many proactive buyers are hedging their purchases at this point in the year. Generally, grape supply is tight right now for several varieties so reach out to your broker early and often to plan an actionable strategy as we continue to move into 2017.

TURRENTINE ON THE ROAD

PROWEIN ANNUAL CONFERENCE March 19th-21st

Steve Fredricks will be attending along with National Sales Manager of Strategic Brands, Bryan Foster, getting the latest International news. first hand. [Click here](#) for more information.



CENTRAL COAST INSIGHTS March 14th

Grape Broker Audra Cooper and Bulk wine broker William Goebel will be speaking at this event, as they cover the Central Coast grape and bulk wine markets.

[Click here](#) for more information.



Wivi CENTRAL COAST March 15th

Stop by the Turrentine booth at the largest gathering of wineries, growers and vendors on the Central Coast. [Click here](#) for more information.



AVAILABLE

- +2016 Paso Robles Cabernet Sauvignon
- +2015 Central Coast Pinot Noir: 18 lots
- +2015 Central Coast Chardonnay: 15 lots
- +2016 CA/Lodi Zinfandel: 21 lots
- +2014/2015 Sonoma County Zinfandel: 15 lots
- +2014/2015 Central Coast Merlot: 27 lots
- +2016 Rutherford Sauvignon Blanc
- +2016 North Coast Sauvignon Blanc
- +2016 CA Pinot Grigio
- +2015/2016 CA Pinot Noir: 250,000 gal.
- +2015/2016 Blush Wines: 31 lots
- +2014/2015 WA & OR Red and White Wines
- +2016 WA Cabernet Sauvignon
- +2016 WA Riesling
- +2016 OR Pinot Noir

NEEDED

- 2015/2016 Napa Valley & Sonoma County Cabernet Sauvignon
- 2015 Napa Valley & Sonoma County Red Bordeaux Blenders
- 2016 Sonoma County Chardonnay & Pinot Noir
- 2016 Monterey County Chardonnay & Pinot Noir
- 2016 California Sauvignon Blanc



AVAILABLE

- +2017 Paso Robles Cabernet Sauvignon (truckload quantities)
- +2017 Arroyo Grande Pinot Noir & Chardonnay (truckload quantities)
- +Small to large lots of Syrah for Rose and Red Wine programs
- +Premium planting opportunities throughout the Central Coast

NEEDED

- 2017 Pinot Noir
- 2017 Chardonnay
- 2017 Grenache

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