



## **TURRENTINE**

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## **WINE BROKERAGE**

Bill Turrentine - Editor

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### **The Doctor is IN**

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The market for wine in bulk is overdue for a session with a shrink. Schizophrenia and multiple personality disorders can be serious. A thousand brands have a bright idea, a bright idea to preserve margins. And it's a bright idea nobody else has thought of. They are all going to sell less but upgrade quality. At the same time, everyone is producing more grapes and more wine. You may wonder, of course, how that's going to work. Everyone makes more and everyone sells less but, through the magic of modern finance, it all works out. Somehow. The key is that THE OTHER GUY WHO HAS NOT FIGURED OUT THE PROGRAM will buy all of the excess and will sell it in some previously unknown market east of Kurdistan. Apparently, it's a big secret exactly who THE OTHER GUY is. It is so secret that THE OTHER GUY doesn't even know who he is. Someone should tell him, and tell him soon, because another harvest is on the way.

In the meantime, while we are waiting for THE OTHER GUY to figure out who he is, the market is red hot and icy cold (see schizophrenia above). It is red hot for wines that work for raising the quality of blends. And it is icy cold for wines that could expand volume but which don't improve quality. Except for Chardonnay, which is tough even when it's good enough to improve quality.

P.S. If you are THE OTHER GUY, please call home (415-454-4546). You may actually come out ahead

of some of the thousand brands with the bright idea nobody else has. They are laboring against the natural flow of the market and some may find that it becomes surprisingly easy to sell less. And they could find themselves selling a lot less than they planned. But you, you sly fox, you are going to seize market share while conditions give you the opportunity. You'll shift back to expanding margins in four years when the market tightens up. In the meantime, you'll grow like crazy. While many cling to fading memories of margins past, you'll surf the tsunami of new production to market dominance. It's been done before; you'll do it again.

P.P.S. Great marketing is better than lower prices.

P.P.P.S. We have some grapes and some wines in bulk for you to buy. This will be fun!

### **GRAPES & WINES IN BULK**

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It's not a pretty scene around narrow exits when someone shouts, "fire!" in a crowded theater. Unfortunately, something similar can happen in a crowded bulk wine market when everyone begins to think "crush!" The approach of crush is not a problem for high quality red wines, where buyers still outnumber sellers. But for average or below average wines of all varieties – and for Chardonnay no matter how good – the approach of crush 2001 presents a basic physical problem: two vintages of wine can not occupy the same tanks at the same time. Processing and storage capacity are serious concerns this year. In some areas, most major varieties had over-lapping bloom periods. This could result in a compact harvest where many varieties get ripe – and need to be processed -

at the same time. There is also a larger than usual carry-over inventory, more bearing acres and the potential for good yields.

**Chardonnay:** We are selling a truckload of Chardonnay here and two trucks there, but compared to the quantities available, it ain't much. Prices for these small lots of higher quality wines have been mostly in the \$6.00 to \$11.00 range for Napa and Sonoma, \$4.00 to \$9.00 for North and Central Coast, and \$2.25 to \$4.00 for California. Prices for large lots are what's called *negotiable*. Chardonnay grapes are a tough sale, despite the frost which did nip quite a few acres. Almost all of the Chardonnay grape sales we are making right now have other, more desirable, varieties to sweeten the deal.

**Cabernet Sauvignon:** The best quality Cabernet Sauvignon is still strong. Even northern interior Cabernet Sauvignon was selling pretty well if it was good enough. But the volume of California Cabernet Sauvignon on the bulk market continues to swell. Average wines – and there are a number of mediocre Cabernets from the 2000 vintage – are not selling. 2000 Napa and Sonoma Cabernet are mostly \$15 to \$24, with some spikes upward for exceptional wines but dips downward for below average wines. Central Coast Cabernet is mostly bringing \$8.00 to \$13. California appellation Cabernet has been \$4.00 to \$6.00.

We have made sales for \$5,000 per ton and more - and have more buyers than sellers - for high-end Napa Cabernet. Sonoma Cabernet is also strong for proven vineyards. Mendocino and hillside Lake County Cabernet Sauvignon grapes are now more available than for many years. We have sold some large tonnages of Central Coast Cabernet Sauvignon in the \$1,200 to \$1,400 per ton range. The market for San Joaquin Valley Cabernet Sauvignon grapes is quiet.

**Sauvignon Blanc:** Sauvignon Blanc has generally sold for more than comparable quality Chardonnay on the bulk market this year, but most buyers have finished their blends. The remaining lots are tough to sell. Napa and Sonoma Sauvignon Blanc has been in the \$5.00 to \$10.00 range. Asking prices for Central Coast Sauvignon Blanc are in the \$4.00 to \$6.00 range. California Sauvignon Blanc has been \$2.50 to \$4.00.

We've have sold Sauvignon Blanc grapes from Napa Valley and Sonoma County and also some from Lake

and Mendocino. Demand is not intense but it is easier to sell Sauvignon Blanc grapes than Chardonnay grapes.

**Merlot:** Many pundits thought Merlot would have the greatest excess of all. But Merlot is reasonably healthy. The better lots of California Merlot sold briskly in the \$4.50 to \$5.00 range. North and Central Coast Merlot has been in the \$9.00 to \$12.00 range. Napa and Sonoma Merlot has commanded \$13.00 to \$18.00.

We've been selling North Coast and northern interior Merlot grapes at a good rate. Central Coast Merlot grapes are also pretty strong. Overall, it's probably harder to find good Merlot grapes than Cabernet Sauvignon grapes.

### CROP PROJECTION CONTEST

As the vines work their photosynthetic magic and everyone starts to get ready for another crush, it's time for the annual Turrentine Crop Projection Contest. Contest Forms, available at ASEV in San Diego, are your ticket to fame and vinous fortune.

It is also time to salute the sagacious ones who best estimated the 2000 harvest, including Jerry Chong, Simi; George Palms, Kunde Estate; Mike McGrath, Villa Mt. Eden; Andy Bledsoe, Mondavi; Mark Hardy; Will Nord, Nord Coast Vineyards; Peter Fanucchi, Fanucchi Vineyards; Will McIlroy; Don Ackerman, Meridian Vineyards; Dan Kleck, Kendall Jackson; Art Nathan; Karl Bucher, Bucher Vineyards.

**June 28, 29 & 30, ASEV, San Diego, at famous Booth 411:** that's where the fab four, Brian, Michael, Steve and Bill, will be singing Beatles tunes to describe market conditions ("Yesterday all my troubles seemed so far away...". Come by (and buy).

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