



November Market Update

The 2022 harvest has finally come to an end. During the growing season it was predicted to be an early start and end to this harvest, but the end-date was delayed for two reasons. First, heat waves in late-August and early-September shut down the vines' ability to continue to ripen the crop during high temperatures in many cases. Secondly, the heat was followed by a significantly cooler period and rains.

Yields, in general, are down from last year, and in many cases are likely to be down from a five-year average. A smaller 2022 crop has kept the grape market supply closer to balance, or shortage, depending on the variety and appellation. Additionally, it means the grape market is positioned similarly entering 2023; however, the outcome of 2023 will be largely determined by consumers sales over the holidays, the health of the economy, as well as early 2023 crop estimates, a combination that can swing the grape market in either direction.

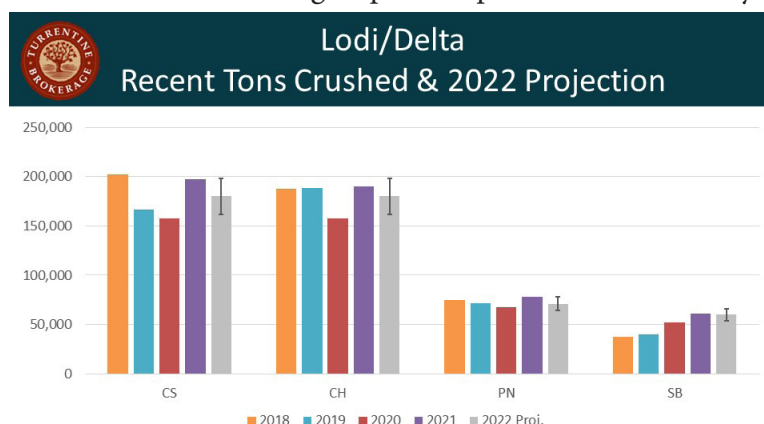
Each winegrowing region of California has its own market and harvest dynamics that are important to the overall macro view of the grape market. Below are updates from the three major growing regions, the San Joaquin Valley, the North Coast, and the Central Coast written by Turrentine Brokerage's grape team.

Grape Market

Interior

by Mike Needham

2022 was quite the roller coaster for growers, wineries, and brokers. Mother Nature had her way in shaping the size of this year's crop. It started with historically severe frost events with damage reported up and down the Valley, but Lodi and the Delta vineyards were the most extensively damaged. The first week of September brought an abnormal heat spell, which compacted harvest, making most white varieties and some reds ready to pick all at once. Mother Nature then threw in a rain event, where the amount of rainfall was hit and miss throughout the Valley. That additional weather event was enough to keep everybody's stress levels high for the remainder of harvest. Even after all those nerve-racking events, we are hearing reports of good wine quality.



Yields were all over the board this year, but whites came in lighter than reds in the Valley, in general. Yields for white varieties were affected by the heat spell, with a few exceptions, especially for the varieties that were ready to harvest at the beginning of September. As for market conditions, we saw demand for white varieties until the end of harvest. Wineries were still willing to pay a strong price for any tons that were available late in the season.

Meanwhile, yields for younger red vineyards that avoided frost and had available water were at or above the five-year average, for the most part. The demand late in the season for red varieties was a different story. Most wineries met their needs and expectations for their red programs. They did not want to risk taking on more supply, especially with the tough recent consumer sales trends for value priced wines and not knowing what kind of future demand we will see from consumers. Wineries were very selective in the limited red overage tonnage purchased late and some reds stayed on the vine or were dropped on the ground—certainly a big difference from one year ago.

There could be a dynamic grape market for the Valley in 2023. As always, October, November, and December wine sales will be an important time for wineries and their marketing teams to evaluate where consumer demand is and what supply is needed moving forward. Over the last two years, the available grape supply on the open market has been very tight, but 2023 could be the year we see increasing available grape supply if existing wineries do not re-sign grapes coming out of contract.

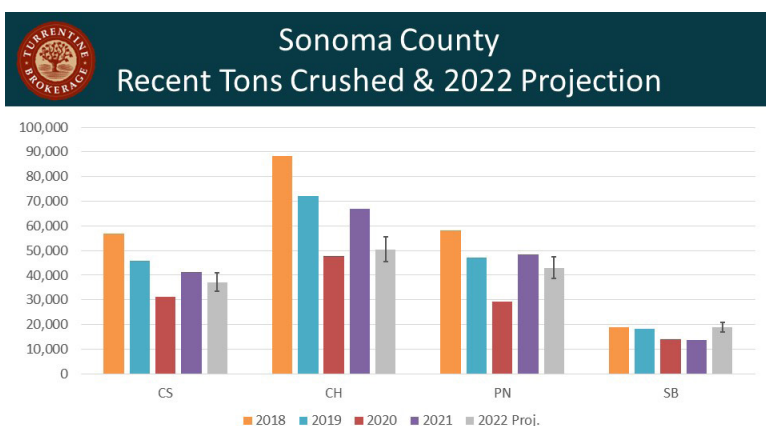
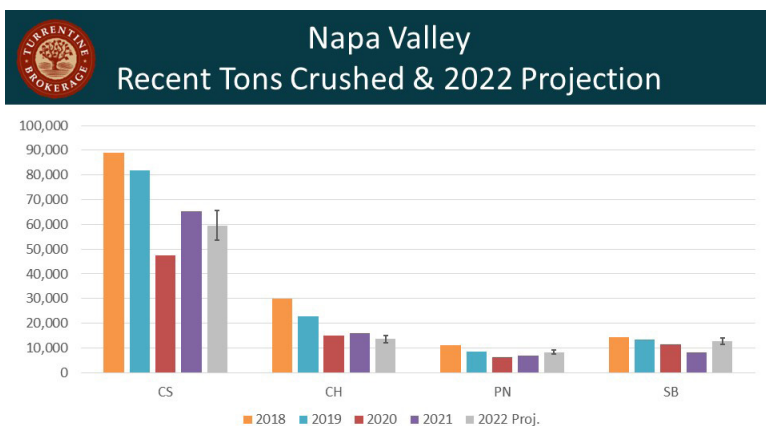
North Coast

by Christian Klier

The North Coast faced many challenges in 2022. The growing season started out with rain which provided optimism to growers who began the year with full ponds and new wells dug during the winter. Unseasonably warm temperatures in February and March jump started an early growing season that became particularly vulnerable to frost during some very cold nights this spring throughout the North Coast. Those who were not prepared or who don't normally experience frost in their regions were dealt a hard blow. The frost season stretched into June for some North Coast growers and taxed the water surplus most were holding onto for the growing season. We did see some more rain during bloom which also had an effect on fruit set for some growers in the North Coast. Many Cabernet Sauvignon and Merlot growers experienced berry shatter which led to lighter cluster weights for growers.

Leading up to harvest, we began to see that the crop was going to be below average on most all varieties and North Coast growing regions. Cluster counts and cluster weights were showing a lighter than average crop estimate. This led to increased buyer competition for the same fruit which kept the overall market active through harvest.

In late-August and early-September, we experi-



enced a serious heat wave that further shrank the North Coast wine grape crop. Most white grapes were ready or close to ready for picking. Contracted wineries faced difficulties in being able to process all the fruit at the same time. This led to backups at the wineries and some growers had to wait for tank space before being able to bring the fruit in. This also led to a decrease in overall weight for the growers in some cases. Post-heatwave, we saw late summer rains which brought concerns of rot getting into thin skinned tight clustered varieties of wine grapes. Some growers who had a decent crop were forced to cut out the infected clusters which again led to further decrease in overall crop weights for the North Coast.

With all the challenges faced in the North Coast, growers persevered and brought the crop to fruition. In general, we are seeing a below average crop. Growers are reporting anywhere from 15% to 30% below average yields in the North Coast this year. The market has stayed active with buyers already looking to the 2023 growing season. We predict the market will stay highly active post-harvest with wineries working on securing their grape needs early into the new year.

Central Coast

by Audra Cooper

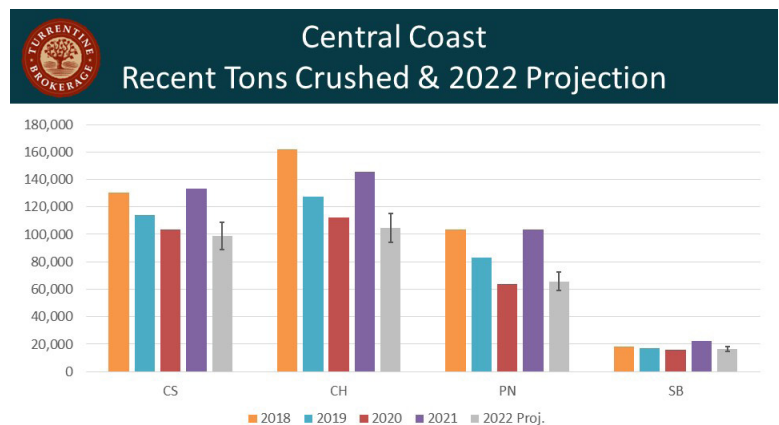
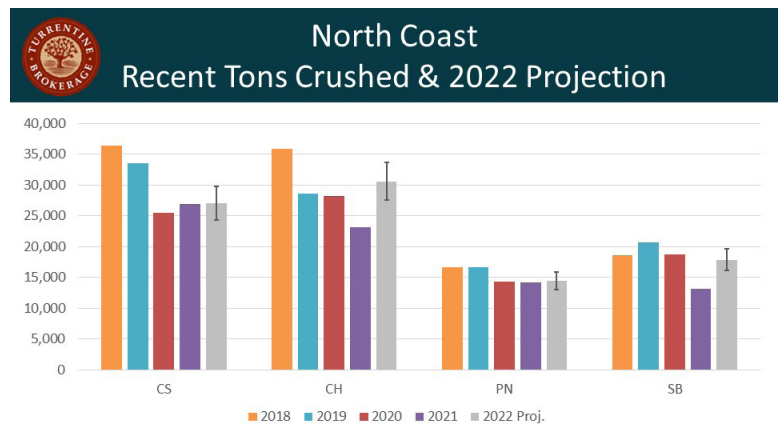
Nearly every year is unique; in fact, it is exceptionally rare to have a winegrape crop and harvest be unremarkable. Some years are more average in many ways than not, but there are also years that are very distinct and are remembered for that distinction.

The Central Coast will remember 2022 as one of the lightest winegrape crops in history—if not the lightest. It is important to note, however, the lighter crop is defined as a light yield per acre and may not be reflected “as the lightest in history” on the 2022

CDFA crush report due to the larger acreage we now have fully-bearing for varieties such as District 8 Cabernet Sauvignon.

Similar to the Valley and the North Coast, the heat waves we experienced in late-August through the early weeks of September were detrimental to the overall crop in the Central Coast. Many growers were already predicting a below average to average (at best) yield prior to Mother Nature bringing the heat. She then followed up with cooler weather and two minor rain events, adding insult to injury. The timing of these events coincided with the timeframe in which berry sizing would normally occur. The heat paused berry sizing (spoiler alert- the pause button stayed on), but it also resulted in dimpling, shriveling, and ultimately a lot of raisining in fields throughout the Central Coast. All of which is a recipe for a light crop.

The overall Central Coast crop is expected to be down 20-25%, but unfortunately that range could actually



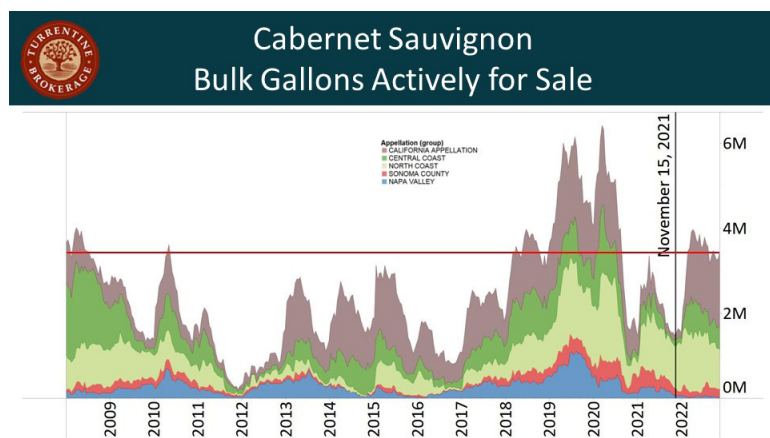
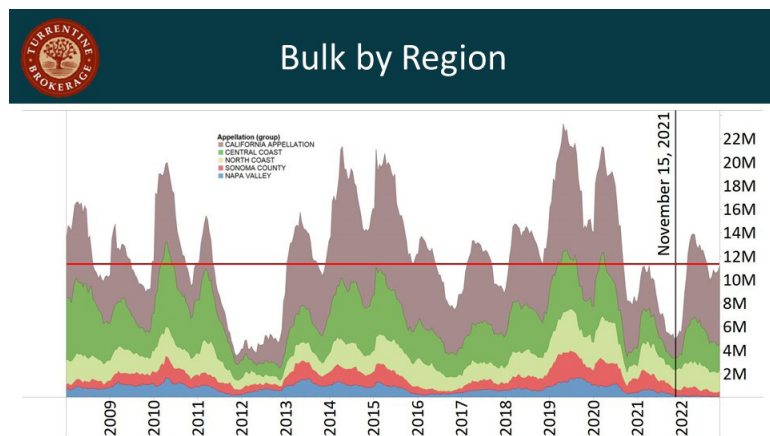
swing much higher when all is said and done—especially when there were many reports of Westside Paso Robles vineyards down 50-60% from a normal yield and were harvested 4-6 weeks earlier than normal. Many of the larger vineyards in Monterey County, Paso Robles, and Santa Barbara County report their yields being off by 15-40%, with Pinot Noir and Chardonnay more consistently being in the 20-30% down range.

The market for 2022 brought a stronger seller position than we have seen since 2016/2017. Additionally, we continued to see marked recovery in the oversupplied Pinot Noir market as well as a continued strength in Paso Robles Cabernet Sauvignon, Central Coast Red Blenders, and Sauvignon Blanc. Early market activity increased grape prices and brought many types of buyers to the market such as negociants, out of area wineries, local buyers, and sparkling houses. Much of the available supply was spoken for by early summer; however, there were some very late-season deals made for grapes struggling to make it to optimum ripeness levels, albeit, at much lower prices than earlier in the season.

The outlook for 2023 is largely positive as long as holiday sales and early crop estimates support it. The available supply for 2023 Central Coast grapes appears to be moderately low to moderate, but can be easily pushed closer to oversupply than shortage with an above-average crop or lackluster casegood sales, as varieties like Pinot Noir and Chardonnay are closer to oversupplied than the smaller variety of Sauvignon Blanc that is in shortage. The good news is there is already discussion happening on re-signs and new grape business for 2023.

Bulk Market

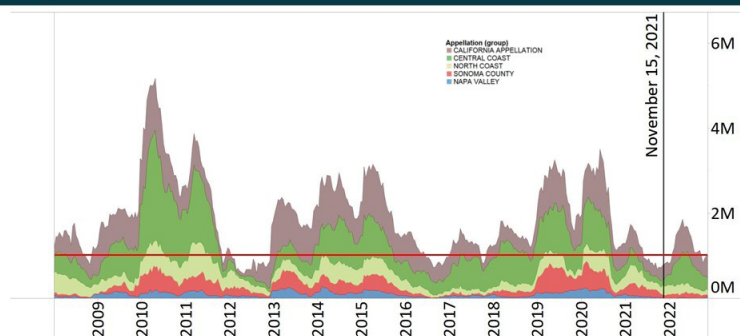
Now that harvest is completed, our bulk wine clients are understanding how and to what degree the lighter crop has affected their inventories and projections. The lack of uniformity of yields per acre by variety and region has meant bulk wine demand is starting off more varied by variety and region.



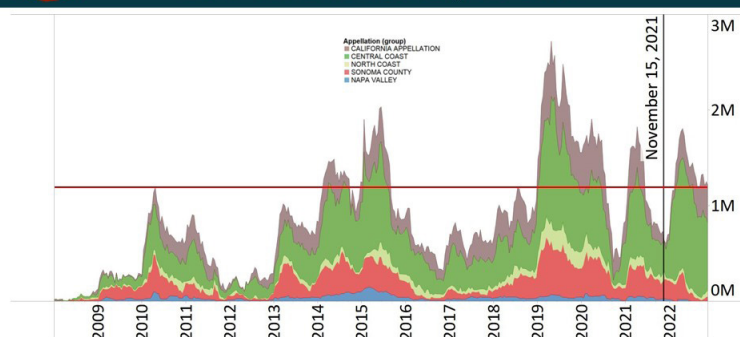
Buyers are out early assessing bulk market supply but are generally more cautious with how much they are contracting, only buying for immediate needs, and displaying an overall patience with the market. The most in-demand wines continue to be Chardonnay from Sonoma County (particularly Russian River Valley), Russian River Pinot Noir, Sauvignon Blanc throughout the North Coast and Central Coast, value California whites, Napa Valley Cabernet Sauvignon, and Paso Robles Cabernet Sauvignon. An important dynamic that is different from last year and has been trending for some time is that asking prices for some of the most in-demand bulk wines have elevated to such levels that the vast majority of buyers are deciding to wait and see if more wine comes available or if they truly need the additional wine before buying. Some buyers have already decided they will not chase 2022 bulk wine and are looking toward 2023 grapes. Asking prices that are beyond what the majority of buyers are willing to pay: Sonoma County Chardonnay above \$30.00 per gallon, Sonoma County Pinot Noir above \$30.00, Sonoma County Sauvi-



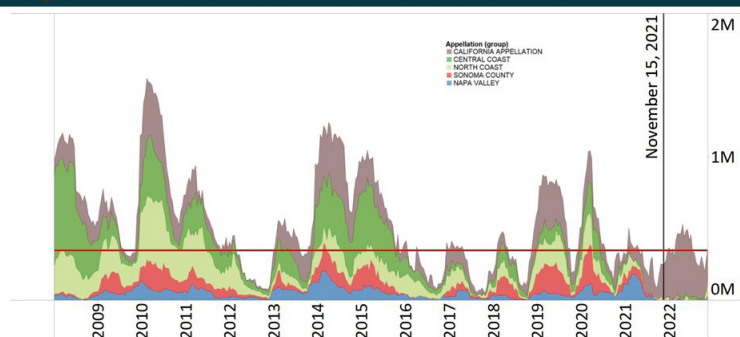
Chardonnay Bulk Gallons Actively for Sale



Pinot Noir Bulk Gallons Actively for Sale



Sauvignon Blanc Bulk Gallons Actively for Sale



ignon Blanc above \$24.00, and Napa Valley Cabernet Sauvignon above \$50.00, unless it is a top AVA or mountain location.

There is a diverse array of sellers from wineries, negociants, and some growers throughout the state. Sellers are also showing patience in selling wine, betting that in time buyers will get closer to their asking price. We are listing smaller volumes of white wine for sale from all areas of California which is not surprising considering the light yields per acre. There are increased volumes of California Appellation red wines, which is predictable based upon the steady and increasing volume of bulk wine actively for sale throughout the year paired with a number of the largest buyers driving the market in 2021 that are now sellers, the size of the 2022 harvest for reds in the San Joaquin Valley, and the lack of demand for late-season red grapes in the region. This supply picture, however, could change quite dramatically depending on how the 2023 harvest sizes up.

It is still quite early, but the bulk wine markets are active, particularly for the new 2022 white wines. If you haven't yet listed your wine with us, please let us know what you have for sale so we can work to get you the best deal. Similarly, please let us know what you need early so we can work to find the best options for your business.

We at Turrentine Brokerage are thankful for your business, and want to wish a very Happy Thanksgiving to you and yours.

2022 Crop Contest

Enter your best guess in the category '2022 Statewide Total Wine Grapes' for a chance to win the Grand Prize! The Grand Prize winner will receive a bottle of sparkling wine, plaque, and a YETI Tundra Ice Cooler.



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Market Opportunities

Turrentine Brokerage is always working to find opportunities for our clients. We believe firmly in a personalized approach tailored to each client's specific needs and unique position. Give us a call.

Bulk Market Opportunities

Needed	Available
2021 & 2022 Napa Valley Cabernet Sauvignon	2021 Pinot Noir from various Central Coast Regions
2021 & 2022 other Napa Valley reds	2022 California Appellation Pinot Noir
2021 & 2022 Russian River Valley Pinot Noir	2022 California Appellation Chardonnay
Any vintage dry white	2021 & 2022 California Appellation Sauvignon Blanc
2021 and 2022 Russian River Valley/Sonoma Chardonnay	2022 through 2022 Lake/Mendocino Cabernet Sauvignon
2021 and 2022 Napa Valley Chardonnay	2021 & 2022 California Appellation Cabernet Sauvignon
2022 North Coast Sauvignon Blanc	2021 California Appellation Rose
2022 Central Coast Sauvignon Blanc	2021 Paso Robles Cabernet Sauvignon
2022 Paso Robles Cabernet Sauvignon	2022 California Appellation Muscat
	2021 & 2022 California Appellation Merlot

Grape Market Opportunities

Needed	Available
Napa Valley Cabernet Sauvignon	North Coast Zinfandel
Napa Valley Sauvignon Blanc	North Coast Cabernet Sauvignon
Napa Valley Chardonnay	North Coast Chardonnay
Sonoma County Chardonnay	North Coast Cabernet Franc
Sonoma County Cabernet Sauvignon	North Coast Syrah
Sonoma County Zinfandel	Hillside San Benito Pinot Noir
Sonoma County Syrah	Paso Robles Cabernet Sauvignon
Sonoma County Petite Sirah	Monterey Pinot Noir
Sonoma County Sauvignon Blanc	Monterey Chardonnay
North Coast Sauvignon Blanc	Arroyo Seco planting opportunities
Central Coast Albarino	Cabernet Sauvignon throughout the San Joaquin Valley
Central Coast Cinsault	Merlot throughout the San Joaquin Valley
Chardonnay throughout the San Joaquin Valley	Pinot Gris throughout the San Joaquin Valley
Sauvignon Blanc throughout the San Joaquin Valley	Zinfandel throughout the San Joaquin Valley



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