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THE **TURRENTINE** **NEWSLETTER**



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50 Years of Service

by Steve Fredricks

This year marks the 50th anniversary of Turrentine Brokerage—the golden anniversary, if you will. Dan Turrentine founded the company in 1973 after a long career in the wine industry with the Wine Institute and California Wine Advisory Board. He started the business to maintain the long-term personal relationships he had fostered since the 1940s. Since then, we have grown to 18 employees amassing a dizzying number of phone calls, miles driven (not possible to do at the same time in the early days!), samples shipped, faxes, pages (remember pagers?) transmitted, emails, and texts sent amounting to a remarkable number of gallons, tons, and cases brokered. Most important, we have logged countless stories of incredible experiences and successful deals completed.

In short, our history parallels the recent history of California wine. It's been quite a ride.

Celebrating 50 years provides a great opportunity to reflect upon our vast experience both individually and collectively. Experience has taught us many things: humility, patience, trust, the inevitability of market cycles, and the fact that Mother Nature and consumers have the most influence. Perhaps above all else, experience has taught us that while market dynamics of excess and shortage might feel unique, they have been experienced before, even if the catalyst causing them might be different. We have an incredible documented historical record of market cycle analysis in the Turrentine Market Update Newsletter. We pride ourselves on remembering the lessons learned from previous cycles and applying them in our daily service to you.

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In celebrating 50 years, we look back with overwhelming gratitude. Some of our client relationships go back to the beginning, and I personally have had the honor of fostering business relationships that have extended over my 30+ years with Turrentine. Thank you to all of you for your continued confidence and trust in Turrentine Brokerage. While 50 years on the calendar is a long time, in the wine business we are just getting started.

Today we raise a glass, first and foremost, to you our clients—a toast to the first 50 years and to the next 50. We also toast to Bill and Dan Turrentine, and hope they are very proud of how Turrentine Brokerage has grown and evolved while remaining true to the value of personal relationships and service on which this company was founded.

Market Update

All markets, simple or sophisticated, must have accurate and timely information to inform sellers and buyers of the supply and demand situation. When demand is up, producers can gear up production, which will help both producers and marketers. When demand is down, producers can throttle back and marketers can take advantage of lower costs to increase sales by promotion and/or dropping prices. The market responds to reality and seeks a balance between supply and demand.

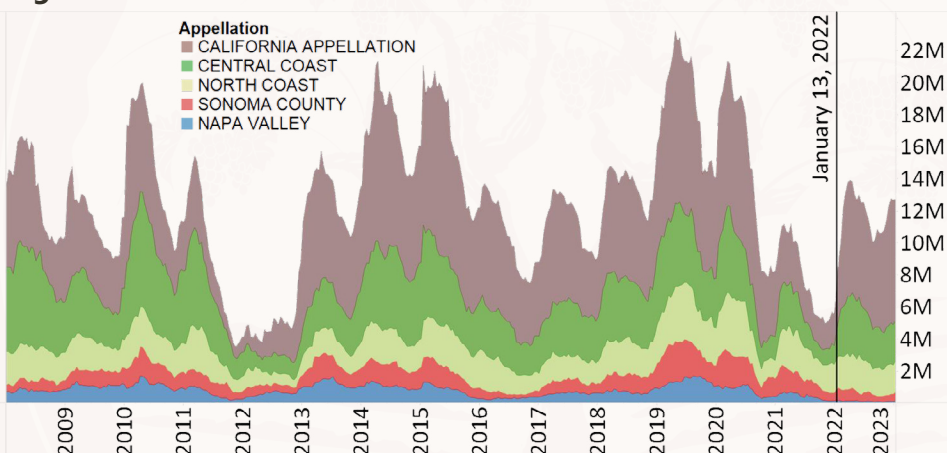
The point I'm making here is that the worst problems occur not when information is negative for buyers or for sellers, but when the news is wrong or just unavailable. When sellers and buyers don't know what's changing, adaptation is delayed. Reality then sneaks up and knocks them on the head. The longer it takes to figure out what's going on, the harder the knock.

The above quote was written by Bill Turrentine in a [Turrentine Newsletter that was published in August 1991](#). Our January 2023 market update continues decades of articles aimed at bringing clarity to market dynamics and helping our clients adapt to the changes. The California wine business has experienced multiple cycles and challenging market conditions. Most recently, we have been documenting the confusing supply market indicators; there have been numerous news articles about the confusion in consumer demand trends. So where are the bulk wine and grape markets as we start 2023?

Bulk Market

The bulk market trends outlined in our November 2022 issue are still mostly accurate today. Bulk wine buyers are still looking for and buying the most in demand varieties: Sonoma County Chardonnay, Napa Valley Cabernet Sauvignon, and Sonoma County/ Russian River Valley Pinot Noir. Prices for these varieties are holding because it is still very early in the season, and not much volume has come available. Several buyers that were driving the market the last few years are now sellers, and the remaining buyers are cautious to spend too much. They are waiting to see if prices soften, which has led to wines staying on the market longer. As opposed to the last two years, current buyers seem less motivated to secure supply early. The bulk market is mostly active around smaller volumes for buyers with immediate needs.

Figure 1 - California Statewide Bulk Gallons Available



Bulk gallons available statewide, all regions, all varieties. Source: Turrentine Brokerage

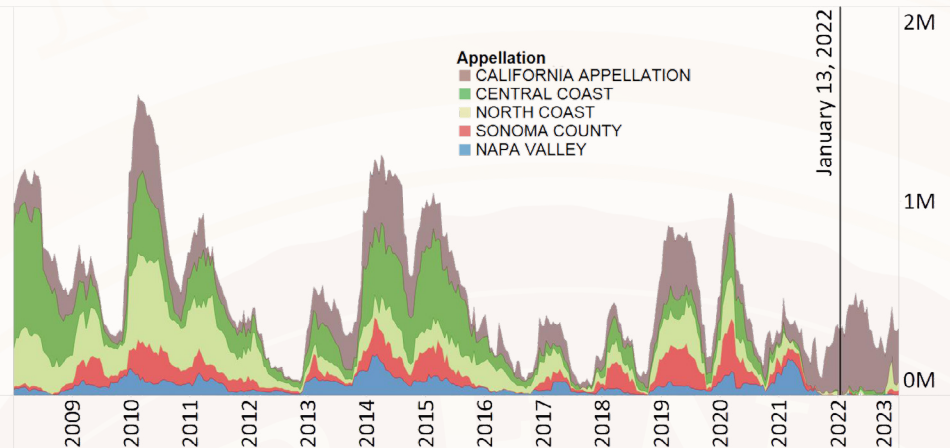
While the lighter-than-projected crop in 2022 has led to less 2022 vintage volume for sale, it is still early. A change over the last few weeks is that sellers have become more open to bargaining on price, especially for the varietals that are slow to sell.

The following are current key bulk market dynamics by variety.

Sauvignon Blanc

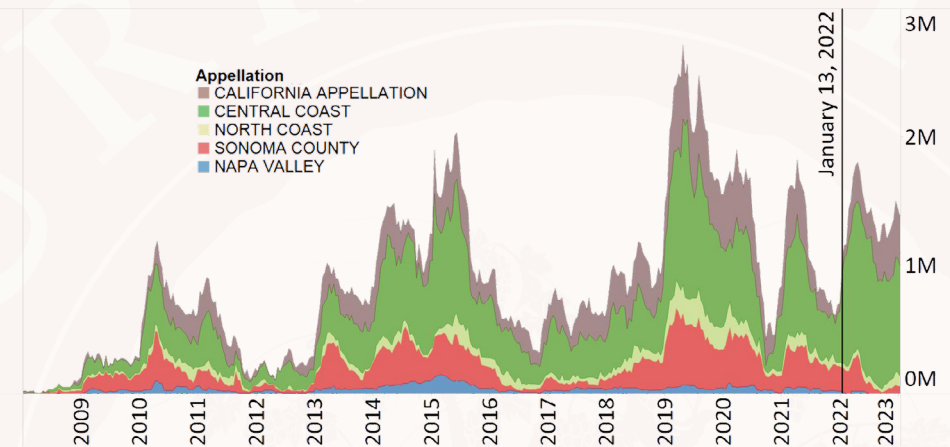
- Sauvignon Blanc supply in Napa Valley and Sonoma County is still very limited, and demand is not as strong as it was last year.
- Supply of 2022 California Appellation Sauvignon Blanc is similar to last year at this time, and 2021 wines are still available. Demand is softer now than it was last year at this time.
- Supply of Central Coast wines is still limited, but when wines do become available buyers are willing to hold out for a lower price and are comfortable with not increasing volume of blends.
- Just like last year, trends are pointing to the market for bulk Sauvignon Blanc being quick and buyers finishing blends early.

Figure 2 - Sauvignon Blanc Bulk Gallons Available



Sauvignon Blanc bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Figure 3 - Pinot Noir Bulk Gallons Available

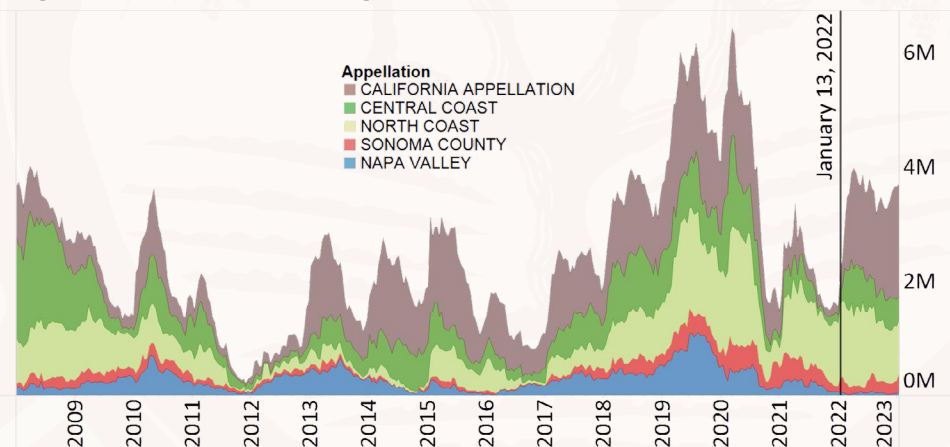


Pinot Noir bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Pinot Noir

- Continued strong demand for all Sonoma County wines, and supply is very low. High asking prices are slowing the pace of transactions.
- The supply of Central Coast wines remains in excess of demand. We have seen some opportunistic buyers at less than \$10 per gallon for larger volumes of 2021 Monterey County wines.
- Demand is still slow for California appellation lots.

Figure 4 - Cabernet Sauvignon Bulk Gallons Available



Cabernet Sauvignon bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Cabernet Sauvignon

- Demand remains strong for Napa Valley wines. There are fewer buyers at above \$50 per gallon.

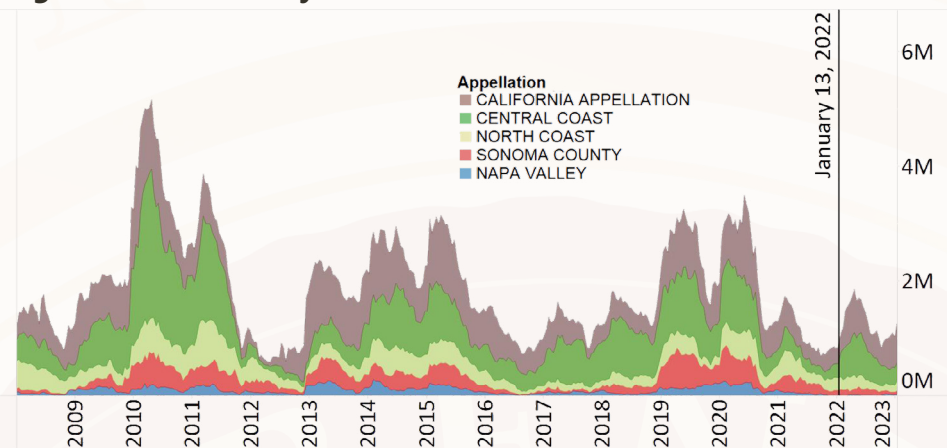
Supply is still limited.

- There are opportunities for Sonoma County wines from both 2021 and 2022 vintage.
- The demand for Paso Robles wines remains steady, and supply is limited. Buyers are willing to wait to get the right wine at the right price. Wines from 2021 and 2022 are available.
- There continue to be great opportunities for North Coast and Lodi 2021 and 2022 wines. Demand continues to be soft.

Chardonnay

- Demand remains strong for Sonoma County wines. It is still early, but supply most likely will not be enough to satisfy demand. Despite this strong demand, buyers are price sensitive. Below \$20, there are several buyers active but only a few active for smaller lots above \$25 per gallon.
- Supply of Central Coast lots is not historically high and demand has improved for Monterey lots, but is still slow for other Central Coast lots.
- California 2021 and 2022 wines are available. Demand is price-sensitive with buyers wanting to pay closer to \$5 and sellers asking above \$6. Neither buyer nor seller seems interested to change their position.

Figure 5 - Chardonnay Bulk Gallons Available



Chardonnay bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Other Varieties

- California 2022 Pinot Grigio is in demand, but price sensitive above \$7 per gallon.
- Dry White is not as in demand as it was last year at this time.
- There are opportunities for 2021 and 2022 California dark red blenders.

Global

- As harvest approaches in Chile, bulk wine inventories are lower than historical average for Sauvignon Blanc and Chardonnay, and higher than historical average for Cabernet Sauvignon and Merlot. Demand is very slow for bulk Cabernet Sauvignon and prices continue to soften.
- Current projections in Chile are for long-term average yields per acre. Sauvignon Blanc 2023 availability should increase, and price most likely will be more attractive to buyers than it was for 2022 wines.
- As harvest approaches in Australia Chardonnay inventories are balanced, Sauvignon Blanc inventories are light, and red wine inventories are very long. There are great opportunities for red wines.
- In Australia projections are for below long-term average yields per acre due to late spring and continued summer rains. This will have a greater effect on supplies of white wines than on supplies of red wines.
- In Europe there are great opportunities for red wines from Spain at opportunistic prices.
- Demand across the Globe for bulk wine remains conservative, with buyers not interested in large volume deals. Buyers appear to be focused on smaller volumes.

Grape Market

North Coast

- Grape buyers in the North Coast have been more active since the 2022 harvest than they have been in the last few years, especially for Napa Valley Cabernet Sauvignon, Sonoma County Chardonnay, Sonoma County Pinot Noir, and all North Coast Sauvignon Blanc.
- Some of the buyers are more cautious on Sauvignon Blanc price this year than they were last year.
- There are supply opportunities for Sonoma County Cabernet Sauvignon, North Coast Sauvignon Blanc, and North Coast Cabernet Sauvignon grapes.

Central Coast

- Buyers have started early discussing extending expired contracts and looking at available grapes, but have slowed down in finalizing deals while waiting for direction on consumer sales trends.
- Supply of grapes actively for sale is less than the market has experienced in the last five years, especially for the most in demand Cabernet Sauvignon blocks in Paso Robles and dark red blenders throughout the Central Coast.
- Opportunities are still there for Central Coast Pinot Noir and Central Coast Chardonnay, but the volumes are not as high as they were a few years ago.

California Appellation

- Grape buyers are not as active as they are in the coastal areas; they are waiting for information on consumer sales trends.
- Buyers are likely to be focused more on white grapes than red grapes, but there is early interest in both.
- Similar to bulk wine buyers, grape buyers are likely to be more price sensitive than last year.
- Some coastal buyers are in the market for grapes to dollar cost average their blends.
- Sauvignon Blanc availability is up from a few years ago.
- Supplies of white grapes such as Pinot Grigio, French Colombard, and Chardonnay are likely to remain tighter than reds with fewer opportunities than Cabernet Sauvignon, Pinot Noir, and dark red blenders.

Conclusion

Market dynamics and indicators are all over the place based upon variety and region. What is consistent: Buyers are more cautious. With so much uncertainty, what should a buyer or seller do in the market today? Bill wrote the following story in the [June 1992 Turrentine Newsletter](#).

Futurist Peter Schwartz, the luncheon speaker at the recent Hambrecht & Quist Wine Industry Forum, made his fortune analyzing oil industry trends for Royal Dutch Shell. In his work, he has had to deal with characters such as the Ayatollah Khomeini and Saddam Hussein. I, on the other hand, have made my fortune, (such as it is and it ain't much), at least in part analyzing trends for the wine business. I have had to deal with characters like, well, let's just say with plenty of characters.

[Schwartz] warned that 'those who live by the crystal ball will die from eating broken glass.' Instead of trying to predict the future, he developed a system to prepare for an unpredictable future. This system might be summarized in four steps: 1) Identify current (and often contradictory) trends, including major and minor trends. 2) Take each trend and consider the consequences if this trend became dominant. 3) Decide which trends will most likely be dominant and plan around them. 4) Finally, and perhaps most important, develop contingency plans in case the trends identified as less likely become in fact the dominant trends.

We have been using Peter Schwartz' system for the last 50 years to advise you, our clients.

Our advice is always based on looking at cycles and market dynamics to bring you market information that helps you better understand confusing and sometimes contradictory market information. We aim to bring you data you can use to outline the probabilities of various scenarios to make decisions.

For 50 years we have been focused on providing the best customer service to our clients and will continue to do so for the next 50 years. Give our brokers a call for the market information specific to your situation, allow them to demonstrate our high level of customer service, and come visit us at Booth #508 at the Unified Wine and Grape Symposium in Sacramento January 25-26.

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.



[ENTER NOW](#)

Legends Behind the Craft

Listen to Steve Fredricks discuss the nature of bulk wine and grape markets on the Legends Behind the Craft podcast.



Turrentine on the Road



Unified
WINE & GRAPE
SYMPOSIUM®

PRESENTED BY ASEV & CAWG

January 25th – 26th

SAFE Credit Union

Convention Center

Sacramento, CA

**Come see our
Brokerage team at
Booth #508**

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 at (415) 209-WINE

Bulk Market

Needed

2021/2022 Napa Valley Cabernet Sauvignon
2021/2022 other Napa Valley reds
2022 Napa Valley Chardonnay
2021/2022 Russian River Valley Pinot Noir
2022 Russian River Valley/Sonoma County Chardonnay
2022 Paso Robles Cabernet Sauvignon
2022 Coastal Sauvignon Blanc
2022 Coastal Chardonnay
2022 California Appellation Chardonnay

Available

2020-2022 Lake/Mendocino County Cabernet Sauvignon
2022 North Coast Sauvignon Blanc
2021 Paso Robles Cabernet Sauvignon
2021 Pinot Noir from various Central Coast regions
2021/2022 California Appellation Cabernet Sauvignon
2021/2022 California Appellation Merlot
2022 California Appellation Pinot Noir
2021/2022 California Appellation Chardonnay
2022 California Appellation Sauvignon Blanc
2022 California Appellation Rose
2022 California Appellation Muscat

Grape Market

Needed

Napa Valley Cabernet Sauvignon
Napa Valley Sauvignon Blanc
Napa Valley Chardonnay
Sonoma County Chardonnay
Sonoma County Cabernet Sauvignon
Sonoma County Zinfandel
Sonoma County Syrah
Sonoma County Petite Sirah
Sonoma County Sauvignon Blanc
North Coast Sauvignon Blanc
Central Coast Albariño
Central Coast Cinsault
Chardonnay throughout the San Joaquin Valley
Sauvignon Blanc throughout the San Joaquin Valley

Available

North Coast Zinfandel
North Coast Cabernet Sauvignon
North Coast Chardonnay
North Coast Cabernet Franc
North Coast Syrah
Hillside San Benito Pinot Noir
Monterey County Pinot Noir
Monterey County Chardonnay
Arroyo Seco planting opportunities
Paso Robles Cabernet Sauvignon
Paso Robles Pinot Grigio
Cabernet Sauvignon throughout the San Joaquin Valley
Merlot throughout the San Joaquin Valley
Pinot Grigio throughout the San Joaquin Valley
Zinfandel throughout the San Joaquin Valley



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