

Market Update

March 4, 2015

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Market Update

Mother Nature rarely provides the industry with precisely what it needs, but She has been generous in recent years. Not only was the industry short on supply entering the 2012 harvest, which was the beginning of two record harvests, but 2014 was less than 2013 for many wineries that were beginning to fall behind on depletion rates. While there is still an uphill battle on the bulk market to move 2012 and 2013 vintage wine, yields on some challenged varieties on retail shelves, namely Merlot and Zinfandel, were -12% and -16% below long-term averages. Meanwhile, more growing varieties like Cabernet Sauvignon and Pinot Noir were up 11% and 24% over long-term averages, respectively.

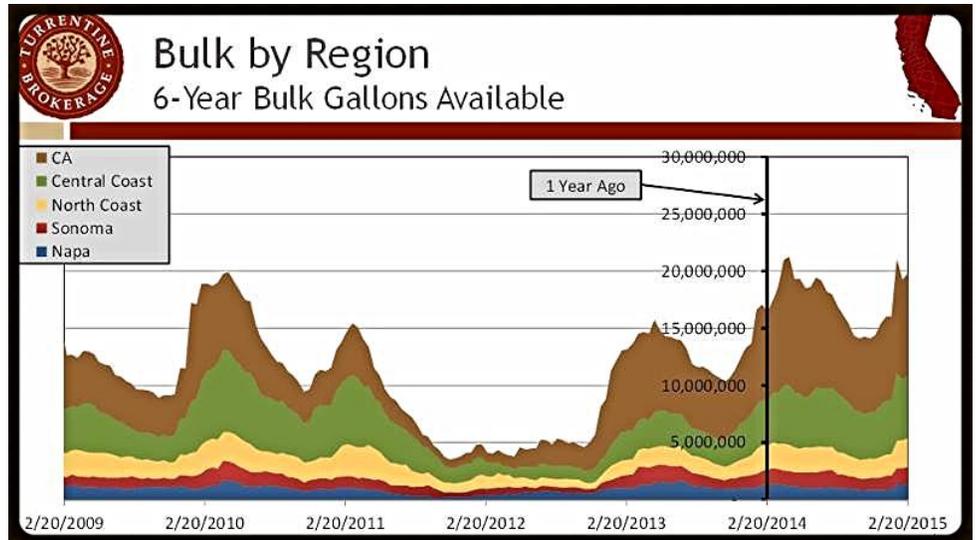
THE 2014 HARVEST WAS BELOW 2013 ACROSS ALL REGIONS AND NEARLY ALL VARIETIES, BUT STILL ABOVE THE FIVE-YEAR AVERAGE.

	Tons Crushed 2014	Tons Crushed 2013	Net Gain/Loss	Equivalent Gallons	Percent Change	Percent Change vs. 5- Year Avg.
North Coast	551,887	588,179	-36,292	-6,000,000	-6%	12%
Central Coast	553,314	593,497	-40,183	-6,600,000	-7%	7%
Northern Interior	813,956	945,566	-131,610	-21,700,000	-14%	-2%
Southern Interior	1,911,175	2,026,213	-115,038	-19,000,000	-6%	3%

	Tons Crushed 2014	Tons Crushed 2013	Net Gain/Loss	Equivalent Gallons	Percent Change	Percent Change vs. 5- Year Avg.
Chardonnay	715,712	758,382	-42,669	-7,000,000	-6%	4%
Cabernet Sauvignon	510,958	524,247	-13,289	-2,200,000	-3%	11%
Pinot Noir	242,961	259,897	-16,936	-2,800,000	-7%	24%
Merlot	281,755	346,195	-64,440	-10,600,000	-19%	-12%
Zinfandel	354,810	469,259	-114,449	-18,900,000	-24%	-16%
Pinot Grigio	181,880	178,887	2,993	500,000	2%	8%
Muscat Varieties	246,740	226,746	19,994	3,000,000	13%	101%
Petite Sirah	68,347	68,137	209	34,000	1%	25%

Wineries are still processing their internal information and buying activity both on the grape and bulk wine markets have not moved up or down since the February 10th Preliminary California State Crush Report release. The next agricultural indicator is the counting of clusters per shoot, which could have more sway on market activity.

There are currently over 20 million gallons actively for sale on the bulk market, the most we've had at this time of the year since 2007. With ample supply, buyers have their choice of wines to purchase and good quality lots are being selected first. We are receiving numerous phone calls each day.



The market, even when it seems straight-forward, can provide many unseen challenges and hurdles. Please give us a call to help you buy or sell your bulk wine and grapes today!

Best Practices

In California, the bulk wine market is an efficient and effective tool for wineries to buy and sell. Wineries send samples to us and in 24 to 48 hours they are in the hands of interested buyers around California and other areas of the US. Due to this efficiency and our extensive network, we negotiate approximately 1,500 individual successful transactions a year. However, one deal every few years does not go correctly. In almost every case in our 40+ years we have been able to help the parties resolve the issue in a sensible manner, especially if best practices are followed by both buyer and seller.

We write in this newsletter and speak often about what sets our service apart from other brokers and how the more closely you work with us-the greater the benefits to you and your winery, but there are also some best practices and a few simple tips that you can do to increase your success in working to buy and sell bulk wine.

The Summary for Sellers:

1. Don't neglect it; improve it
2. Get the wine ready first
3. Prepare samples that sell (provide us with all of the information to properly label the wine for a buyer to buy)
4. Think customer service
5. Pick the best broker

These are incredibly valuable tips that, if followed, can result in improved returns for the sellers. Read the entire description for each point above, see the entire article at www.turrentinebrokerage.com/blog.

The additional list of best practices is for after the sale is complete. Following these tips can help insure that issues do not arise, and if they do, you have the objective information to resolve them.

- Follow the details on the Sale Memo
- Send properly prepared and labeled shipment confirmation samples
- Perform lab analysis on the wine prior to loading

- Request information from the Buyer for any specifics of temperature or SO² adjustment before loading
- Inspect the truck before loading
- Pull samples from the truck for hold back after loading
- Invoice as soon as the weight is known and volume is determined

For Buyers:

- Perform laboratory analysis on the samples selected to purchase
- Send a loading protocol
- Request properly labeled shipment confirmation samples
- Perform lab analysis on the shipment confirmation samples vs. the samples selected for purchase
- Ship on-time
- Perform lab analysis on the wine on the truck vs. the shipment confirmation samples
- Do not unload the wine if there is an issue-call us ASAP!

We will be there to help resolve the issue. If best practices were used by both parties the issue can be resolved in a few phone calls. If they were not-it may take longer.

Sometimes people say that dealing with the extra samples and analysis is difficult and not worth it. Think of it as insurance. A little bit of effort can pay big dividends if by some chance you are in that very small percentage of deals where an issue arises. Companies that instill 'Best Practices' have the best reputations, get the best deals, and usually receive the best returns when selling wine in bulk because people want to deal with them.

Turrentine On The Road



TURRENTINE IS A PROUD VENDOR

**A one-of-a-kind forum
for ultra premium wineries
focused on innovations that
advance wine quality.**

**March 4th, 2015
Napa Valley**

Mike Needham, William Goebel, Neil Koch, Alicia Kump and Kelly Mahoney are exhibiting at **Booth #318**. Stop by if you are in the area!



21st Annual Central Coast Insights Program

We are proud to announce
Audra Cooper and **William Goebel**
will be presenting!

The presentation will provide a Market Update for Grapes and Bulk Wine.

**21st Annual Central Coast Insights
March 12, 2015 in Paso Robles**

**Featured Presentation by Turrentine
GRAPE AND BULK WINE MARKET UPDATE**



Audra Cooper, Central Coast Grape Broker
William Goebel, Bulk Wine Broker





Join Us
March 18, 2015
Paso Robles Event Center

Visit us at **Booth # 607** and listen to Turrentine Speakers:

DAY 2 - Wednesday, March 18

SESSION 12

Industry Outlook: A Look Ahead at 2015



Erica Moyer



Audra Cooper

Get a look at the current state of the 2014 grape and bulk wine inventories and see projections for the year ahead. How much bulk wine is in storage? Will prices be rising, falling or holding steady? Plan your grape growing and winemaking strategies with this valuable data as your foundation.

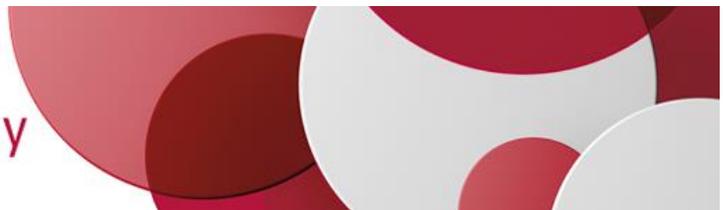
Once again our international duo President **Steve Fredricks** and Bulk Broker **Marc Cuneo** are off to the ProWein event in Germany. They always come back with some great insights into the foreign markets. Turrentine brokers California wines in a variety of foreign countries (including Canada, Sweden, 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 and dynamic connections are an invaluable help in avoiding problems and finding reliable international partners.



To Another Great Year



15.-17.03.2015
Düsseldorf, Germany
International Trade Fair Wines and Spirits



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