



In this issue

**Wine Business Obsession | Market Update | Annual Crop Contest
Turrentine Gets Dirty | Turrentine On The Road | Bulk Wine Market Opportunities**

WINE BUSINESS OBSESSION -by Bill Turrentine

Quality is a wine business obsession. We all recognize quality when we see it or taste it, but it is hard to define. On the most basic level, quality describes something that is fit for the purpose for which it was designed. The fullness of quality, however, also requires an element of elegance, of proportionality between the parts and the whole and usually also of some enduring properties. A quality wine not only fulfills expectations for the varietal and price-point but also exhibits balance, richness, longevity of flavor and the ability to make a lasting impression.



But what does quality involve for a service business, like, for example, Turrentine Brokerage? At the most basic level, quality requires efficiency in getting the job done. For us that means helping buyers find what they need and sellers sell what they have for sale. But even more it means helping clients to understand grape and wine markets and to make wise use of those markets over the long term. And quality means forming longstanding relationships of service and trust. At Turrentine Brokerage we are not only dedicated to sourcing and selling quality grapes and wines in bulk but we are also obsessed with providing quality service in all of its dimensions and for the long term. That quality is rooted in trust, trust that we have built over more than forty years of conscientious service.

MARKET UPDATE

After the 2014 harvest, most wineries reported ample inventories. This was confirmed by our proprietary data, including: increased volume of bulk wine for sale, softer bulk wine demand for most lots, bulk demand focused on quality only, and a slower grape market in Q1, 2015. As the 2015 crop set and cluster weights became apparent, grape and bulk wine buyers began to express concern, and spot market grape and bulk activity picked up.

What really counts for growers and wineries alike is crop size for specific varietals on a region by region basis. The following table summarizes the approximate projected tons crushed that our brokers observe and collect from clients and compares that to an average yield for the given variety in that region with the addition of newly bearing acres and removals.

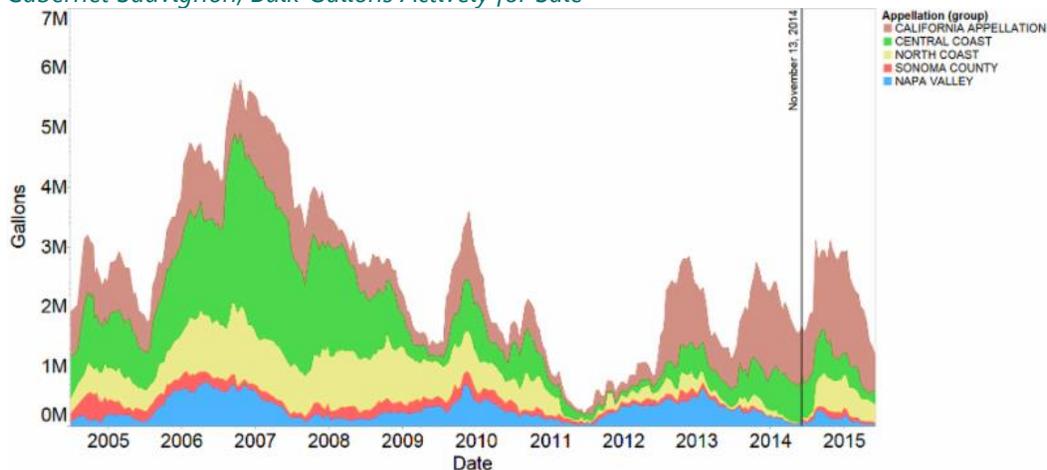
Approx. Projected Tons Crushed vs. Early-Season Projection (Based on Average Yields and Bearing Acres)

	Napa Valley	Sonoma County	North Coast	Central Coast	Northern Interior	Southern Interior
Cab Sauvignon	-15% to -20%	-25%	-5% to -10%	-30% to -40%	-15% to -20%	0% to -10%
Chardonnay	-15%	-10% to -15%	-5% to -10%	-20%	Average	Average
Pinot Noir	-30% to -35%	-30% to -35%	-20% to -25%	-40%	-15%	Average
Merlot	-5% to -10%	-5%	-5% to -10%	-25% in Paso Robles	-15%	Average

CABERNET SAUVIGNON

Buyers have been active for bulk Napa Valley and Sonoma County Cabernet Sauvignon all year, and a lighter 2015 crop has intensified interest. Price per gallon on recent sales have been between \$30.00 and \$45.00 per gallon. Sonoma County Cabernet Sauvignon recent sales have been in the range of \$25.00 to \$30.00 per gallon. The North Coast Cabernet Sauvignon bulk wine market was slower than last year in the first and second quarter, but picked up slightly in the third quarter. Bulk supply of 2014 Lake and Mendocino County Cabernet Sauvignon is good and while sales have been limited due to price sensitivity of buyers, the average price of recent sales is close to \$15.00 per gallon. The Paso Robles bulk market was fairly slow until picking up late in Q2 after crop set. Recently, sales have been in the high-teens to \$20.00. Meanwhile, the bulk market for all interior Cabernet Sauvignon was slow until roughly two months ago. Buyers are still looking at quality, primarily focused on the Lodi appellation. Recent sales have been between \$7.00 and \$9.00 per gallon.

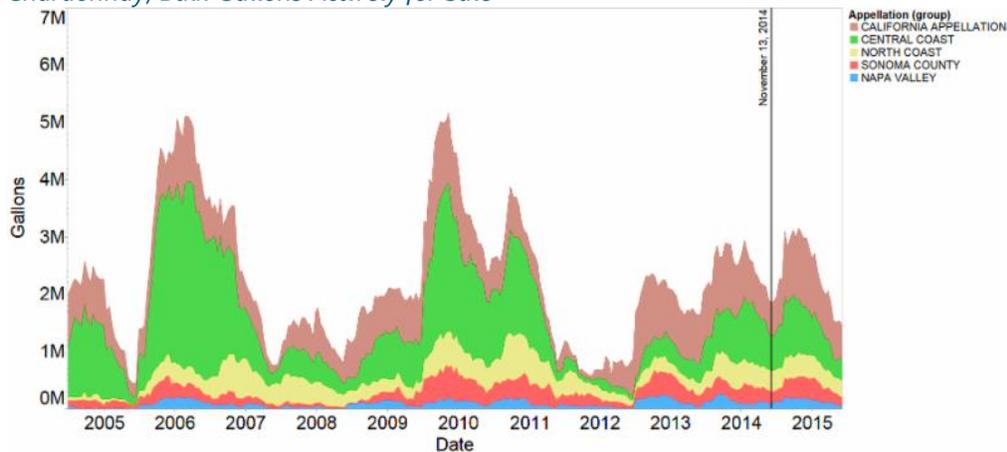
Cabernet Sauvignon, Bulk Gallons Actively for Sale



CHARDONNAY

Bulk wine activity from Sonoma County has been steady throughout the year and primarily focused around sub-appellated regions such as Russian River Valley, Sonoma Coast, and Sonoma Carneros. Recent sales of 2014 wines have mostly been around \$14.00 to \$16.00 per gallon, but-as with Chardonnay from other regions-volume buyers have been scarce. 2015 Monterey County Chardonnay listings have begun, and there are still limited amounts of 2014 wines available on the market. Recent sales have been between \$12.00 and \$14.00 per gallon. The bulk market for Santa Barbara has been quiet, and while there is some interest, buyers are quality focused and not quick to purchase. Activity around California Chardonnay has been slow. The weighted average price for California Chardonnay has hovered around \$4.00 per gallon for quality wine and volume buyers for interior region Chardonnay have been missing in action all year.

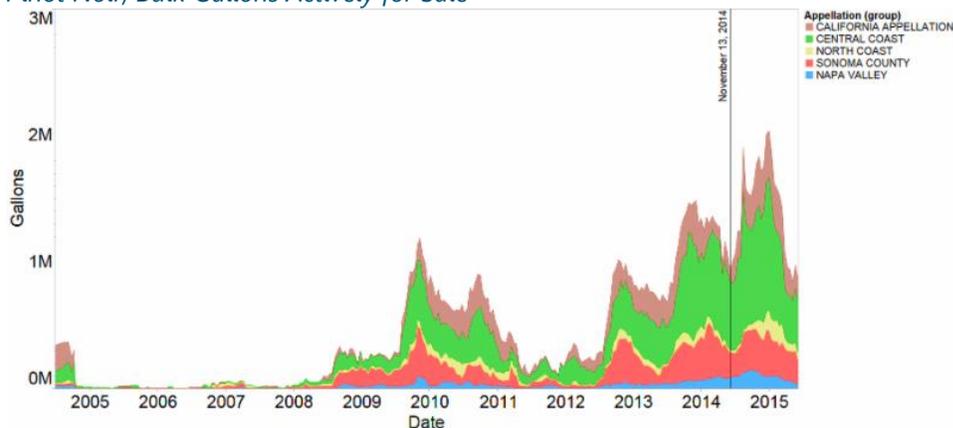
Chardonnay, Bulk Gallons Actively for Sale



PINOT NOIR

Consumer demand is still growing, which translates into strong-but quality sensitive-bulk wine demand. As buyers became aware of a shorter crop in the Central Coast, the dormant bulk market came to life and prices for Central Coast Pinot Noir have more than doubled. Recent sales have been between \$16.00 and \$20.00 per gallon. Sales of Sonoma County have increased as well, especially for top quality lots, and recent sales have been between \$15.00 and \$25.00 per gallon. Pinot Noir in bulk from California has been an interest to buyers, but there isn't much 2014 vintage wine still available. California Pinot Noir in bulk has been hovering around \$7.00 per gallon for quality wines. We also have a good selection of 2014 and 2015 quality Pinot Noir lots from Oregon.

Pinot Noir, Bulk Gallons Actively for Sale



A lighter crop has brought many wineries to the bulk market, and top quality lots will be purchased first. There is an active market for 2015 Napa Valley and Sonoma County Sauvignon Blanc and increased selection for high quality blenders to increase color and intensity. Know all of your options and don't miss the market. Call our knowledgeable team of grape and bulk wine brokers today to so we can help you source quality grapes and bulk wine with top quality service.

2015 CROP CONTEST: ENTER NOW!

Deadline is January 31st

Enter your best guess for international acclaim & a bottle of sparkling wine. What is the 2015 tonnage for Chardonnay, Cabernet Sauvignon, Merlot, and Zinfandel? Please submit all entries by January 31st, 2016. Go to www.turrentinebrokerage.com to enter.

Good Luck!



TURRENTINE GETS DIRTY

As we prepare to celebrate Thanksgiving and the things we are thankful for in our lives, Turrentine took some time at a Habitat for Humanity site, on a beautiful autumn day. It was an enjoyable, post-harvest change of pace, a good way to build teamwork and an opportunity to give back to the greater community.



TURRENTINE ON THE ROAD

We are keeping busy in November and December...Turrentine is participating in the following California events. If you find yourself at either one of these, please stop by to discuss the market and say Hello!

 <p>December 3rd See Turrentine Brokers at Booth #128</p>	  <p>January 26-28th Booth #1311</p> <p>Steve Fredricks will be a presenter at the <i>State of the Industry</i> general session (January 27th, 8:30am), in the 2016 Unified Symposium. Details at www.unifiedsymposium.org.</p>
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<p>BULK WINE BROKERS</p>	<p>GRAPE BROKERS</p>
<p>Steve Fredricks (415) 847-0603 President/Partner Bulk Wine</p>	<p>Brian Clements (415) 495-8151 Vice President/Partner WineGrapes</p>
<p>Steve Robertson (415) 827-0110 Broker/Partner, Bulk Wine <i>All California & Interstate Regions</i></p>	<p>Erica Moyer (209) 988-7334 Broker/Partner, Grapes <i>Interior & Monterey County</i></p>
<p>Marc Cuneo (707) 217-1369 Broker, Bulk Wine <i>North Coast, Interior & International</i></p>	<p>Audra Cooper (805) 400-9930 Broker/Partner, Grapes <i>Central Coast</i></p>
<p>William Goebel (415) 798-5515 Broker, Bulk Wine <i>Central Coast & North Coast</i></p>	<p>Mike Needham (707) 849-4337 Broker, Grapes <i>North Coast</i></p>
<p>Neil Koch (415) 686-6669 Broker, Bulk Wine <i>North Coast & Interior</i></p>	



BULK WINE MARKET OPPORTUNITIES

AVAILABLE

- >2013/2014 CA/Lodi Cabernet Sauvignon: 28 lots
- >2014 North Coast Cabernet Sauvignon: 31 lots
- >2014 Central Coast Chardonnay: 21 lots
- >2014 Central Coast Pinot Noir: 23 lots
- >2013/2014 CA/Lodi Zinfandel: 55 lots
- >2013/2014 Central Coast Merlot: 31 lots
- >2013/2014 CA/Lodi Merlot: 29 lots
- >2014 CA/Lodi Petite Sirah: 7 lots

NEEDED

- >2014 Napa Valley & Sonoma County Cabernet Sauvignon
- >2015 CA/Central Coast Pinot Grigio
- >2014/2015 Paso Robles Cabernet Sauvignon
- >2015 Central Coast Pinot Noir & Chardonnay
- >2015 Napa Valley/Sonoma County Sauvignon Blanc



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