



TURRENTINE BROKERAGE

Market *Update*

June 4, 2018 | Telephone: 415.209.9463

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Making the first move

Nothing ever stays the same. The current bulk wine and grape markets are no exception and staying current on supply and demand dynamics are as important now than ever. Buyers and sellers of grapes have generally finished their early sourcing, are looking at cluster count information, and waiting on set for the next bit of information on crop size. They continue to look at case sales information and inventories to add to the formula of how much more to purchase or sell and when to do so.

Bulk buyers and sellers are waiting for each other to make the first move. Bulk buyers are saying things like, "When the price drops to \$X.XX, I will buy." Meanwhile, some sellers are holding to last year's prices and for the time-being, seem willing to sit on their inventory rather than selling their bulk wine at today's lower market prices. Waiting to make the first move and employing the "Other Guy" strategy may not be the best strategy to stay ahead of the competition. Sometimes, leading the market can be very beneficial and can put a company ahead of the curve. The earlier to the market as a buyer or seller, the more options there are whether it's wine quality needed today or the opportunity to store the wine and bottle it later. A number of buyers and sellers are currently employing this "Other Guy" strategy. For colorful details on [the "Other Guy" strategy](#), Bill Turrentine wrote a great article back in December of 2010.

Following are some brief points about the current market for bulk wine and an update on the grape season to date. As you know, the most effective way to get the complete picture is to call your friendly Turrentine bulk broker or grape broker to talk over your unique market position.

Bulk Wine Market

2017 white blends and 2016 red blends are being finalized with new lots becoming available every day. Additionally, there are fewer older vintage wines in the market leaving us with a more diverse selection of 'fresh' wines from all areas in California. In the next few weeks, there may be new opportunities for wines that can be sourced and bottled before harvest. Buyers are still predominantly not looking to be opportunistic on volume and instead are sourcing via a just-in-time inventory strategy for the right quality wines to improve or finish a blend.

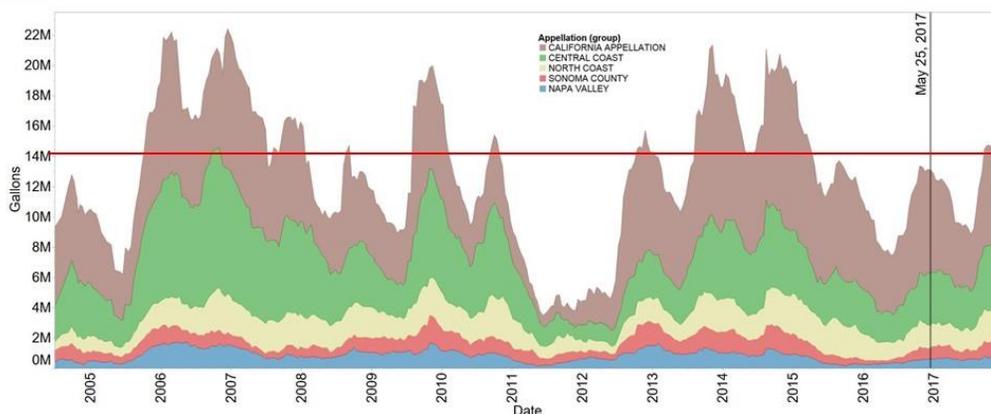
As we stretch into summer, there are many moving parts for wineries before harvest: tanker trucks get busy, storage tanks are getting committed, and bottling line schedules are filling up. Service providers may have a tougher time adding new projects to the calendar, so the earlier plans are made—the greater the flexibility and options.

Opportunity Knocks

It is no real surprise that Cabernet Sauvignon from all California regions and Washington falls into the 'opportunity knocks' category since more acres of Cabernet Sauvignon have been planted than any other variety in recent years. Turrentine has more gallons available of Cabernet Sauvignon than any other variety currently trading on the spot market. We not only have more volume actively for sale, but more diversity of lots listed for sale. In the interior, we have 1.17 million gallons trading in the price range of \$5.00 to \$9.00 in the last 60 days. It is important to note we have begun to see prices trend downward in the last month. In Napa, we have over 360,000 gallons of Cabernet Sauvignon available. In Lake and Mendocino, we have over 500,000 gallons, most of which is 2017 vintage. In other areas such as Paso Robles, there continues to be increases in volume of Cabernet Sauvignon available for sale and there has been decent demand for the higher quality 2016 wines. Sales have been at lower prices than earlier in the year and lower than last year at this time.



Bulk by Region



Due to the increased interest in Rosé, production picked up again in 2017 and we have great options for last-minute Rosé blends of various styles made from different varieties and regions at attractive prices.

Pinot Noir from Sonoma County and the northern interior in this 'opportunity knocks' category might pique the interest of some clients and surprise others. We have more lots and more volume of Pinot Noir from these regions available as well as in the Central Coast where we have seen little demand since the New Year. Since it is challenging to find grapes, it might also surprise some that there are opportunities for Chardonnay in bulk from the Central Coast regions and Mendocino County, with some options to extend your 2017 blend or to be opportunistic on volume if the grapes needed cannot be sourced. We have 80 different Central Coast Chardonnay opportunities totaling just over 900,000 gallons. Some sellers may be forced to move their wines before harvest due to capacity constraints and also the lack of demand that can follow previous vintage Chardonnay through harvest.

Don't Over-estimate the Opportunity

Volume actively for sale in bulk is down from last year for Chardonnay from Sonoma County and the San Joaquin Valley, but we are listing a greater diversity of lots to fulfill needs, improve quality, or moderate price. The bulk and grape markets for Sauvignon Blanc remain tight, and the perception of buyers is that none is available. We still have some lots of Central Coast, North Coast, Napa Valley, Sonoma County, and California Appellation Sauvignon Blanc at competitive prices. The market is winding down for the season, so don't wait!

Grape Market

All North Coast

- Bunch counts are all over the board in the North Coast depending on AVA and variety. From block to block on the same ranch, we are seeing and hearing different reports on bunch counts being anywhere from average to potentially above average at this point in time. Pinot Noir and Cabernet Sauvignon have the best chance of a solid crop based on cluster counts.
- Both wineries and growers in the North Coast are hoping for a uniform and quick bloom to set the crop. Over the last couple of years, we have seen an extended bloom which can lead to varied crop size and ripening at harvest. Bud push in the North Coast has been uniform in 2018, but bloom for the earlier varieties has been prolonged due to cooler than average temperatures.
- Bloom started in Alexander Valley Chardonnay as of May 7th which is a little later than the last couple years. Most wineries and growers feel bloom timing is a week to two weeks later than last year.
- Supply for sale in the North Coast (Napa, Sonoma, Lake, Mendocino, and Suisun) continues to be tight for major varieties (Cabernet Sauvignon, Chardonnay, and Pinot Noir) as most of the supply has been under longer-term contracts and not making its way to the spot market. If you are looking to source the major varieties, it is important to be in contact with us. As opportunities arise, we can make you aware of them.
- There are opportunities for buyers looking for quality Zinfandel and Merlot in Lake and Mendocino Counties. Sonoma County has supply for Zinfandel and there are longer-term supply opportunities as well.
- If mother nature sets a good crop and we have a moderate summer, we could see supply showing up for any and all varieties so stay in touch with us to make sure you do not miss out on any opportunities as they make their way to the market.

Central Coast

- Overall, the crop in San Luis Obispo and Santa Barbara Counties looks solid.
- Early varieties look to be average to slightly below; a lot is riding on bloom and set.
- Later varieties such as Cabernet Sauvignon have potential to be above average if the crop sets.

- April and May frost did diminish the crop in some areas such as Santa Maria, Creston, and Shandon; secondaries have pushed in most cases and appear to be relatively fruitful.
- The grape market is active for very targeted grape buyer needs; we have yet to see any large volume activity to occur.

Monterey County/San Benito County

- Cool weather has made for a long bloom period. There are some stuck caps out there, causing concern with uniform development.
- Bunch counts look the same as last year. Younger vineyards are showing good yields at this point with significant variability in older vineyards.
- Supply is tight as most of the grapes are contracted; however, there are small quantities of Pinot Noir and Chardonnay still available.

Lodi/Delta

- The crop is setting and the vines are happy with the cooler temperatures than a year ago at this time.
- There is evidence of scattered frost damage but nothing has impacted potential yields.
- Older vineyards, 15+ years, are average(ish) to below-average for Chardonnay and Cabernet Sauvignon. In contrast, younger vineyards have high bunch counts with good elongation.
- There is a limited amount of supply available of Clarksburg Pinot Noir, Lodi Cabernet Sauvignon, Merlot and Petite Sirah.

Southern San Joaquin

- The crop appears the same as last year except in isolated pockets that got hit with frost damage.
- The only really big crop could be Muscat of Alexandria, again.
- There is a different dynamic this year as buyers are interested in generic whites, like French Colombard and certain generic reds, like Grenache.

**Congratulations to all of our
2017 Crop Contest Winners!**



Grand Prize Winner:

GLENN ANDRADE
TRINCHERO FAMILY ESTATES

STATEWIDE

Total Wine Grapes



**All winners received a plaque
and a bottle of champagne.
Grand prize winner Glenn
Andrade received a Yeti Cooler!
Thanks for playing!**



<i>Chardonnay</i>	<i>Cabernet Sauvignon</i>
RYAN STAPLETON FRANCIS FORD COPPOLA WINERY STATEWIDE	MARTY PETERSON VINTAGE WINE ESTATES STATEWIDE
DON CLARK NORD VINEYARD SERVICES NAPA	DAVID SAILER PASO ROBLES WINE SERVICES NAPA
JULIE NORD NORD VINEYARD SERVICES SONOMA	CHRIS DAVISON DELICATO VINEYARDS SONOMA
JEFF CLARK LIVE OAK BANK WINE & CRAFT BEVERAGE CENTRAL COAST	MIKE SHOUP SIN NOMBRE! VINEYARDS CENTRALCOAST
RODNEY SCHATZ R&G SCHATZ FARMS LODI/DELTA	COREY BECK FRANCIS FORD COPPOLA WINERY LODI/DELTA
<i>Merlot</i>	<i>Zinfandel</i>
ODED SHAKKED LONGBOARD VINEYARDS STATEWIDE	NIELS UDSSEN CASTORO CELLARS STATEWIDE
JOSEPH PARKER JOSEPH CARRASCO VINEYARDS NAPA	BETSY BEROS GEYSERVILLE INVESTMENTS NAPA
RICHARD PARDUCCI MCNAB RIDGE WINERY SONOMA	GABRIEL FROYMOVICH VINEYARD FINANCIAL ASSOCIATES SONOMA
LANE LARUE LARUE AGR. CONSULTING CENTRAL COAST	MICHAEL BLANEY PARAGON VINEYARD CENTRAL COAST
CHRIS SMITH BOGLE VINEYARDS LODI/DELTA	DAN WADDINGTON WADDINGTON RANCH VINEYARDS LODI/DELTA



A shout out to Bogle's Chris Smith,
winning his 9th 1st place award
this year!

**The 2018 Crop Contest will be opening soon!
Enter your best guess for a chance to win.**



AVAILABLE

+Paso Robles Cabernet Sauvignon:
626,000 gallons

+Napa Valley Cabernet Sauvignon:
360,000 gallons

+2016/2017 Central Coast Pinot Noir:
40 lots

+2016/2017 Central Coast Chardonnay:
80 lots

+All North Coast Zinfandel: 491,000
gallons

+2016/2017 Merlot: various availability

+2016/2017 CA Petite Sirah:
various availability

+2017 Rose: various availability

+2017 Russian River Pinot Noir

+2017 Willamette Valley Pinot Noir

+2016/2017 Washington Cabernet
Sauvignon, Merlot, Riesling, Chardonnay,
Syrah and Dry Red

NEEDED

-2017 California Dry White



AVAILABLE

+Napa Valley Cabernet Sauvignon - truckload quantities

+Lake and Mendocino Counties Merlot, Zinfandel and Cabernet Sauvignon - truckload quantities

+Lake County Pinot Noir and Petite Sirah - truckload quantities

+Sonoma County Cabernet Sauvignon and Zinfandel - truckload quantities

+Montepulciano and Mourvedre, Contra Costa County

+Arroyo Seco Pinot Noir

+Lodi Syrah - truckload quantities

+Paso Robles Mourvèdre- 30 tons

+Paso Robles Cabernet Sauvignon- small lots, truckload and large quantities available

+San Antonio Valley/Monterey County Chardonnay - 150 tons

+Santa Maria Valley Chardonnay- truckload quantities

+Edna Valley Pinot Noir- 15 tons

+Los Alamos - 3-4 truckloads of newly planted Pinot Noir

+Planting opportunities in Paso Roles, San Antonio Valley and Santa Barbara County

Turrentine On The Road

2018 VINEYARD ECONOMIC SYMPOSIUM

Napa Valley Marriott

June 18th

Understanding subtle market changes, and how they may influence the market cycles in the short and long term, is important for success. Come listen to Steve Fredricks and Marc Cuneo as they provide an update of the current grape and bulk wine supply & demand, with a keen look at the impact of Cabernet Sauvignon, and take a closer look at the trends and strengths of the continuously evolving industry, from volume to price points to summaries by region and varietal. [Click here for more info and to register.](#)



LODI VINEYARD AND WINE ECONOMICS SYMPOSIUM

Wine and Roses Conference Center, Lodi

June 28th

The Lodi-Delta region is referred to as the backbone of “California Appellation Wine.” Erica Moyer and Marc Cuneo will discuss how the Lodi-Delta region fits in to the California wine business and describe, in detail, the current grape market compared to other regions within California, while further describing what “it” is that draws buyers to the Lodi-Delta region. “Hot,” and not-so-hot (for now), grape varieties will also be examined. Finally, how does Turrentine Brokerage use the Lodi and Delta brand, and how is the brand for grapes and bulk wine perceived in the market place? [Click here for more information and to register.](#)



2018 ASEV NATIONAL CONFERENCE

Portola Hotel & Monterey Conference Center, Monterey

June 18th-21st

Turrentine's William Goebel will be in attendance.

[Click here for more information.](#)

BULK WINE BROKERS

Steve Fredricks, President
415.847.0603

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Steve Robertson, Broker/Partner
All California & Interstate Regions
415.827.0110

-

Marc Cuneo, Broker/Partner
North Coast, Interior & International
707.217.1369

-

William Goebel, Broker
Central Coast & North Coast
415.798.5515

-

Neil Koch, Broker
North Coast & Interior
415.686.6669

-

Bryan Foster
National Sales Mgr of Strategic Brands
707.849.9948

GRAPE BROKERS

Brian Clements, Vice President
707.495.8151

-

Erica Moyer, Broker/Partner
Interior & Monterey County
209.988.7334

-

Audra Cooper, Broker/Partner
Central Coast
805.400.9930

-

Mike Needham, Broker/Partner
North Coast
707.849.4337



Turrentine Brokerage, 7599 Redwood Blvd, Suite 103, Novato CA 94945