



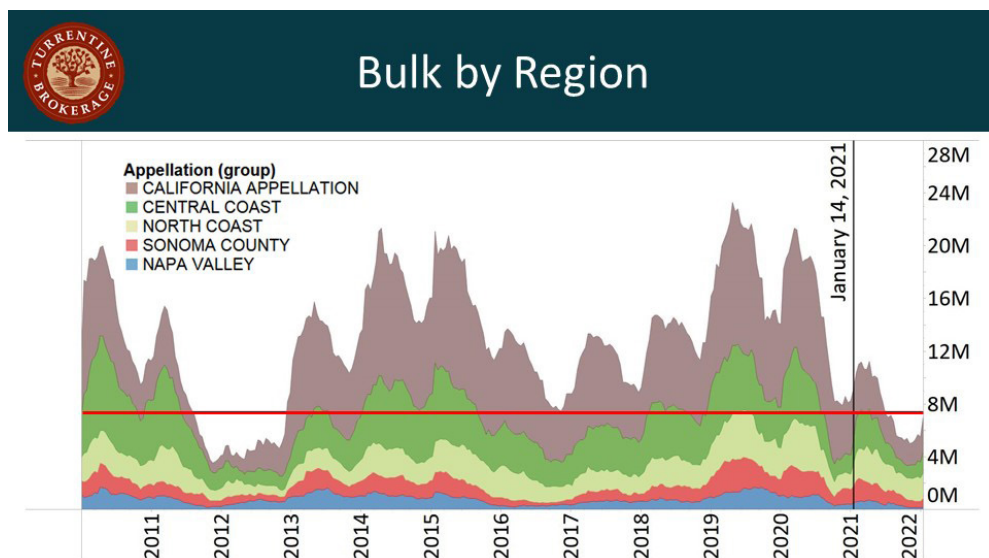
January Market Update

by Steve Fredricks

A second consecutive lighter-than-average harvest across the state has further solidified the tightening of bulk wine actively for sale. There are currently fewer lots available than we ever have listed in mid-January, and the last time we had as few gallons available at this time of year was in 2012 following the light 2011 harvest. The primary difference in the supply picture today is the lack of older vintage wines. From 2014 to 2020, Turrentine Brokerage listed an average of nearly 10 million gallons of past vintage wine. Currently, there are approximately 4 million gallons of 2020 or older vintage wine available and there likely will not be much of an increase moving forward. Supply contract approvals are ongoing, and 2021 vintage wines are being listed for sale every day as producers identify what they will have available.

The tighter supply has brought sporadic bulk market demand; a marked change in demand from last year following the post-fire surge from a few large wineries, but a noticeable improvement from the few years before that. Wineries are trying to preemptively secure the wines they need. At the same time, they are being cautious of price, and are generally less fearful of missing a market due to competitors beating them to it—a mentality that has been around since the 2020 fires. Most

of the demand has been for 2021 whites, particularly Sauvignon Blanc from all regions and dry white from the interior. Wineries, however, are still grappling with off- and on-premise sales projections in an uneven recovery.

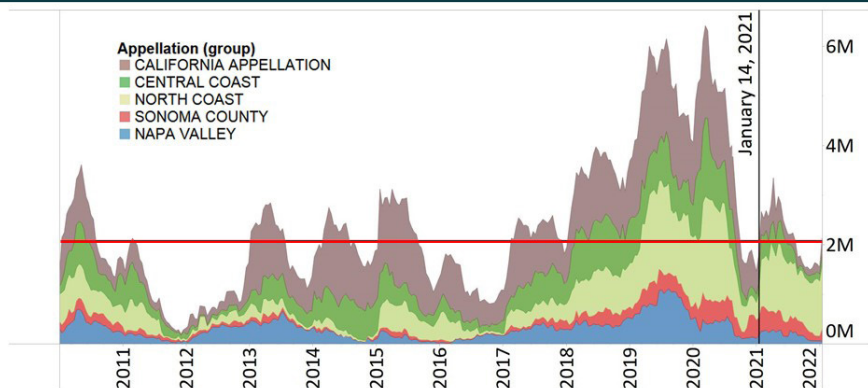


Cabernet Sauvignon

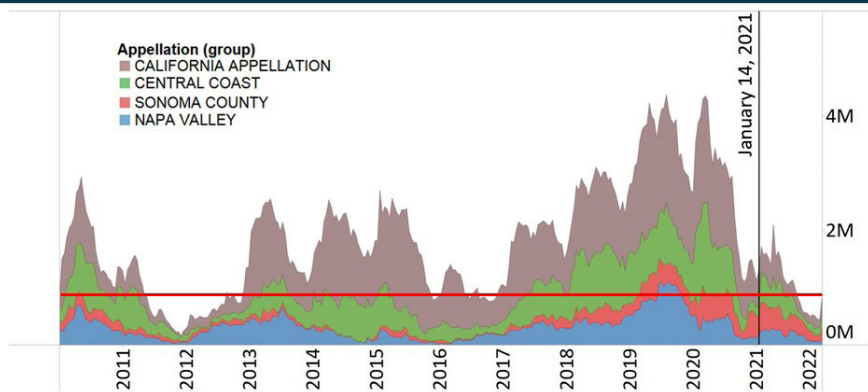
There are currently more than 2 million gallons of Cabernet Sauvignon actively for sale. This isn't dissimilar to the gallons on the market historically, however, more than 1.2 million of these gallons are from the North Coast, which is in a particularly long position. Buyers have yet to come up to the North Coast Cabernet Sauvignon



Cabernet Sauvignon Bulk Gallons Actively for Sale



Cabernet Sauvignon without North Coast Bulk Gallons Actively for Sale



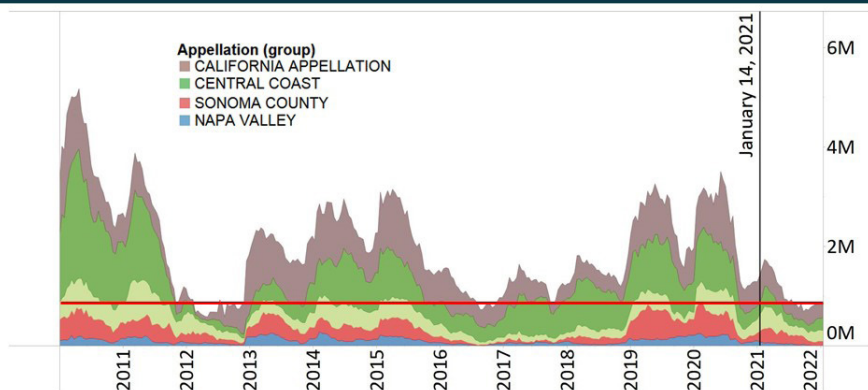
In the interior, prices have held steady between \$6.00 and \$8.00 per gallon for 2020 vintage lots. Purchasing activity in the North and Central Coasts has been less frequent, which means bulk prices have yet to be firmly established.

Chardonnay

Bulk supply of Chardonnay actively for sale is tighter than what we've listed over the last decade. Wineries did not get the supply that they needed from the 2021 harvest; as a result, few 2021 vintage gallons have come to the market.



Chardonnay Bulk Gallons Actively for Sale



asking prices. The bulk wine listed on the market from Napa Valley, Sonoma County, Central Coast, and California Appellation is at historically low levels. Bulk gallons typically increase at the beginning of the year, and this year is no exception despite the smaller 2021 harvest. Since mid-December, 500,000 gallons of Cabernet Sauvignon have been listed on the market; nearly all of these are 2021 vintage. In a typical year, new vintage Cabernet Sauvignon likely would not begin to move until later, but the lack of previous vintage wine available may force buyers to secure new vintage wines earlier in the year, particularly for Napa Valley and California Appellation lots.

The market has been most active for Napa Valley, Sonoma County, and California Appellation Cabernet Sauvignon. Recent sales of 2020 and 2021 Napa Valley lots have been between \$40.00 and \$55.00 per gallon. A revival of demand in Sonoma County has led to increased recent prices between \$20.00 and \$25.00 per gallon.

Demand is not as strong as the supply picture would indicate. There are currently fewer than 900,000 gallons actively for sale split evenly between the North Coast, Central Coast, and California Appellation. The limited supply has led to increased asking prices in some regions which, in part, has slowed the market.

Recent sales of California Appellation Chardonnay primarily have been for the 2020 vintage, with prices between \$6.50 and \$9.00 per gallon. Most of the

purchasing activity throughout the rest of the state has been for the 2021 vintage with Sonoma County from \$18.00 to \$22.00 per gallon, Napa Valley from \$25.00 to \$32.00 per gallon, and the North and Central Coasts between \$10.00 to \$13.00 per gallon.

Sauvignon Blanc

Due to two consecutive short crops and a general increase in interest, Sauvignon Blanc recently has been the most in-demand variety for both bulk wine and grapes. We currently are listing 300,000 gallons—all of which are California Appellation. Despite the absence of gallons on the graph, a few lots have been listed on the market.

Due to the limited supply and heightened demand, pricing for Sauvignon Blanc bulk wine has reached record levels. Recent sales of 2021 California Appellation Sauvignon Blanc have been between \$7.00 and \$14.00 per gallon.

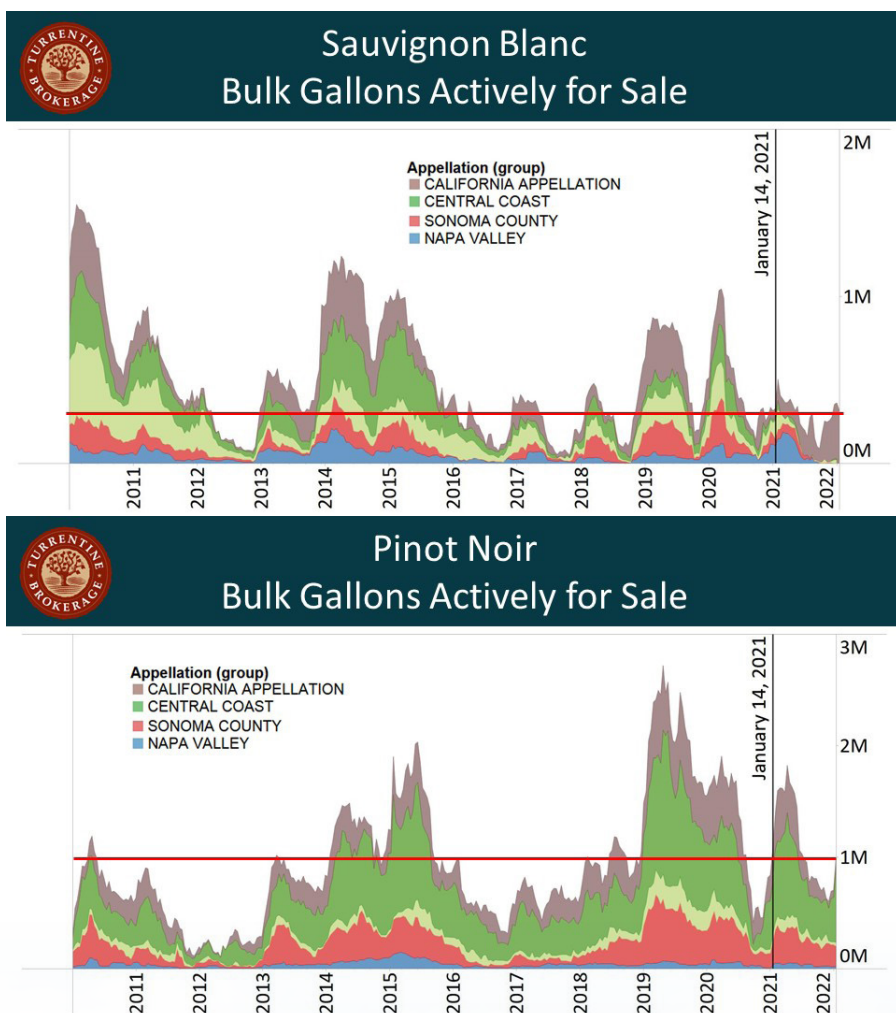
Pinot Noir

Overall demand of Pinot Noir has been slow to moderate, while supply has been available over the last year for all regions outside of Russian River Valley (which has been in higher demand). There are currently 1 million gallons of Pinot Noir on the market, nearly 70% of which is Central Coast appellation. Roughly 600,000 gallons are 2020 vintage with 350,000 gallons of 2021 vintage available.

Recent sales have been centered around 2020 Sonoma County with prices between \$20.00 and \$40.00 per gallon, with Sonoma Coast and Russian River Valley at the higher-end of the range. In the Central Coast, demand is softer, and prices have been between \$10.00 and \$16.00 per gallon with recent sales for 2021 vintage lots. Recently, both supply and demand have been limited for North Coast and California Appellation.

In summary, the markets for bulk wine and grapes are active to start the year. The balance of supply to demand in the short-term has been improved with fewer gallons actively for sale. Assessing the long-term shift away from excess is more challenging because the excess supply was mainly corrected by short crops rather than consumer demand. We do not yet know if the relative balance of supply to demand in the long-term has been improved. We do know that there is currently less supply with healthy demand for grapes and higher prices than a few years ago.

Our next update will have more details on the grape market dynamics and more detail on where we are in the transition away from excess. Please contact your broker as soon as possible with any updates on your bulk wine or grape needs, or your inventory for sale. Your probability of finding the right deal improves with the more time we have to help you.



Turrentine on the Road



Steve Fredricks

will be presenting the
State of the Industry on
Wednesday, January 26th at
8:30AM, Convention Center
Ballroom B



Marc Cuneo

will be moderating the panel for
**Global Supply Chain: Finding
Solutions In A Changing
Landscape** on Wednesday,
January 26th at 1:00PM,
Convention Center Room B9

**Come visit our brokers and ask
questions at **Booth 900** in the new
exhibit hall**

LODI GRAPE DAY

Mike Needham will be in
attendance at the 70th
Annual Lodi Grape Day

February 1st, 2022



Dollars and \$ense

Christian Klier & Marc Cuneo will be
presenting their market update at the Annual
Dollars and \$ense event on February 3rd.

2021 Crop Contest

Enter your best guess in the category '2021 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

Market Opportunities

Turrentine Brokerage is always working to find opportunities for companies in oversupply or need to buy. 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

2021 Coastal Sauvignon Blanc
2019-2021 Napa Valley Cabernet Sauvignon & other reds
2021 Napa/Sonoma/Carneros Chardonnay
2021 Napa/Sonoma/Carneros Pinot Noir
2020/2021 Sonoma County reds
2020 Paso Robles Cabernet Sauvignon & other reds
2021 California Appellation Zinfandel, Petite Sirah, & other red blenders
All vintages of dry white - sub \$4/gallon

Available

2020/2021 Central Coast Pinot Noir
2020/2021 North Coast Cabernet Sauvignon

Grape Market Opportunities Needed

North Coast Sauvignon Blanc
Napa Valley Cabernet Sauvignon
Sonoma Carneros Chardonnay
Napa Valley Chardonnay
California Appellation Rubired
California Appellation Syrah
California Appellation Cabernet Sauvignon
California Appellation Sauvignon Blanc

California Appellation French Colombard
California Appellation Pinot Grigio
California Appellation and Lodi Zinfandel
Delta Chardonnay
Central Coast Zinfandel
Paso Robles red blenders
Paso Robles Grenache Blanc - 20 tons or greater
Westside Paso Robles Cabernet Sauvignon & Syrah
Templeton Gap red or white Rhones, Merlot, and Cabernet Sauvignon - 10 tons or greater

Available

Paso Robles Pinot Grigio
Santa Maria Pinot Noir (newly planted)
Monterey County Sauvignon Blanc - 20 tons



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