



AUGUST, 2024

# THE **TURRENTINE** **NEWSLETTER**



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# Dog Days of Summer

By Steve Fredricks

The Dog Days of summer originated from ancient Greeks, Romans, and Egyptians who believed the rise of Sirius, the brightest star in the sky (excluding our Sun), brought *combined* heat in the mid- to late-summer months of July and August. Sirius, also named the Dog Star, translated to “scorching” in ancient Greek. This time was thought to bring drought, bad luck, and unrest by the ancient Greeks and Romans, but interestingly, the Egyptians, using their wisdom and experience, viewed this time as a way to leverage beneficial outcomes.

Today, the wine industry faces its own set of challenges with the well documented oversupply and slow consumer sales in these “Dog Days” leading up to harvest. The scorching heat has impacted vine development statewide, and many sellers at the moment are feeling similar unrest as those from thousands of years ago.

This newsletter will delve into the current state of the markets, exploring both the challenges and the unique opportunities that can be had leading up to harvest.

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# Grape Market

## North Coast

*By Christian Klier*

The recent heat wave (thank you, Sirius) impacted potential crop size throughout the North Coast in two ways. First, some vineyards experienced minimal sunburn. Second, and more significantly, the heat wave stalled an otherwise optimal period for berry growth.

Earlier in the year, crop size projections were generally above average. However, due to the heat and a less-than-ideal set, they are now closer to average, and in some cases, below average. For example, Napa Valley Cabernet Sauvignon initially appeared to be roughly 10% above average but is now projected to be average, or potentially below average, due to shatter and smaller berries. Other notable crop estimates include Sauvignon Blanc throughout the North Coast which appear to be average at this time, perhaps a bit smaller in Napa and Sonoma. Despite the heat, the crop is still trending larger than average for Mendocino Chardonnay and potentially slightly larger than average for Sonoma Pinot Noir as well.

In addition to reducing crop potential, the heat wave also shifted the expected harvest date forward by 10 to 14 days from the previously anticipated average timeframe. Recent milder weather could further accelerate vine development and continue to advance the expected harvest date.

Grape markets throughout the North Coast remain very slow, particularly for reds. Cabernet Sauvignon is in surplus in all regions of the North Coast, including Napa. Buyers have shown more interest in whites, such as Sonoma County Chardonnay and North Coast Sauvignon Blanc.

The late-season abundance of available tons presents rare opportunities for buyers. Growers are aware of these market conditions and are open to offers. While virtually anything can be found at this time, some of the more unique opportunities currently include Napa Valley Cabernet Sauvignon at lower prices, Napa and Sonoma Sauvignon Blanc, and Sonoma Coast/Russian River Valley Pinot Noir—all at reasonable prices.

## San Joaquin Valley

*By Mike Needham*

The first several weeks of July brought a significant heat wave to the valley. In Lodi, average temperatures exceeded 102°F over a four-week period, with nearly half of these days exceeding 105°F. This extreme heat will reduce the current supply position for 2024, but is unlikely to affect demand.

Younger vines tolerated the heat better than older ones, but most vines in the interior are older. Overall, our projections for white grapes are now below average with Chardonnay appearing to be the most affected variety. Red grape projections, which were initially above average, have now dropped closer to average. The recent cooler weather should allow vines to recover and absorb more water. While the heat slowed down grape maturation, the smaller berry size should enable faster ripening, and our projected harvest timing remains close to average.

Harvest is rapidly approaching, with some early picking already underway in the southern interior for low-Brix programs. The market remains quiet, with activity limited to re-signing contracts between existing buyers and sellers. This supply situation presents numerous opportunities for buyers, including the rare chance to upgrade quality with growers who are typically locked into multi-year contracts before the market shifts again.

# Central Coast

By Audra Cooper

Like the rest of the state, the Central Coast experienced the recent extended heat wave, which stunted berry sizing across all varieties. The recent milder weather should allow vines to progress through veraison more quickly. Due to the reduced berry size, the crop could be significantly smaller than last year's, potentially 5-10% below the five-year average yield per acre with some blocks exceeding 20% below the five-year average. Vineyard timing is definitely ahead of last year, and this could accelerate further with cooler weather; if heat waves continue through harvest, we may see a delay in timing. However, it's still early, so both crop size and harvest timing remain uncertain.

The Central Coast grape market remains challenging and oversupplied. There has been some movement of larger volume Chardonnay deals in Monterey County, as well as limited interest in recent re-signings of Pinot Noir contracts in Monterey and Santa Barbara Counties. Demand for Sauvignon Blanc is decreasing, with more availability than we've seen in the past five years. Meanwhile, interest in Paso Robles Cabernet Sauvignon has been limited, but the more sought-after eastside blocks will likely attract interest in the coming weeks.

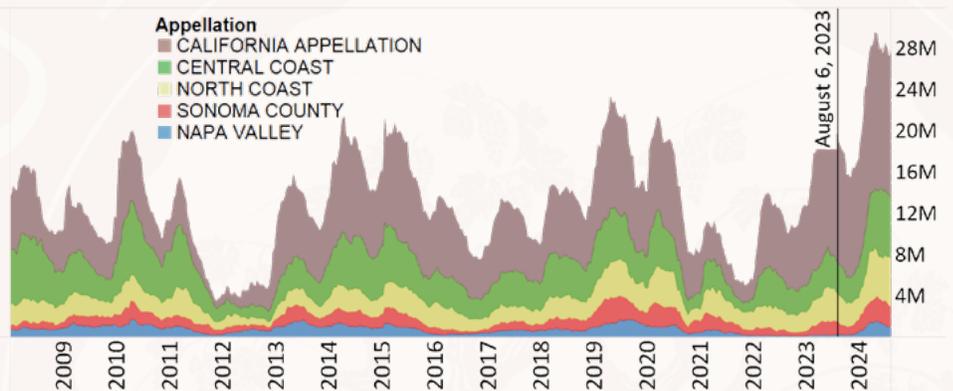
Opportunities exist for buyers at every level. However, with the potential for rapid season progression, time is more limited than many believe. In each region of the Central Coast, there are vineyards with available grapes that are historically under long-term contract, presenting a rare opportunity for buyers to secure fruit from these sources.

## Bulk Market

By Steve Robertson, Marc Cuneo, and William Goebel

Gallons actively for sale continue to decrease, albeit slowly, with 27.8 million actively for sale. The distribution of wine is similar to normal in regard to both region and vintage—there are just more gallons across the spectrum. Where it is a bit skewed compared to historical trends, however, is the volume of red wines listed compared to white. We are listing three gallons of red wine at the moment for every one gallon of white.

**Figure 1 - California Statewide Bulk Gallons Available**



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

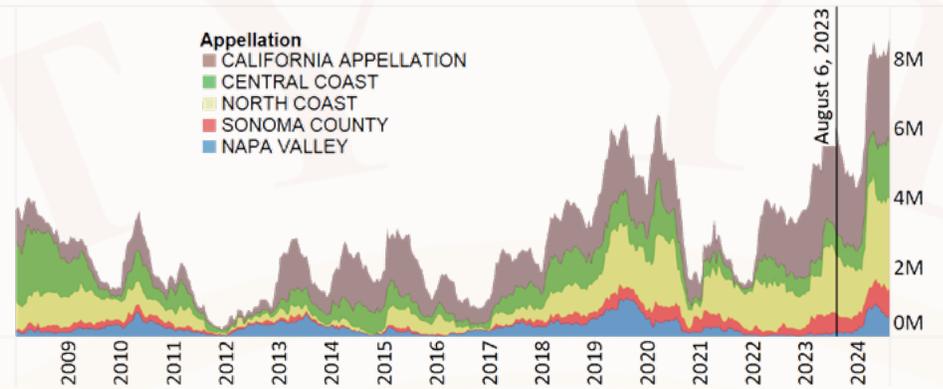
There are 18.1 million gallons of 2023 vintage wine still on the market, and while that is significant, we have listed that kind of volume for a single vintage in the past. The most challenging issue continues to be a lack of larger opportunistic buyers. There is likely to be a continued hangover of gallons as we start listing our first 2024 vintage lots.

The silver lining, while faint, is that the bulk market is working to get over the (historically large) hump, and it is moving forward. With lower asking prices, we have seen additional buyers come off the sidelines in some cases for smaller volumes. The volume of wine moved this year is similar to last year, but due to the larger volume of wine available, it is not enough to change the excess landscape.

# Cabernet Sauvignon

- There are about 600,000 gallons available of Napa Valley Cabernet Sauvignon, roughly half of what was available in early-May. Demand continues to be moderate and has shifted to the 2023 vintage, and the larger quantities of 2023 vintage lots have impacted the market. We are getting some late listings of 2022 wines as well. Recent sales for 2023 vintage lots have been between \$16.00 to \$35.00 per gallon, and buyers are more active at the lower end of this range.

**Figure 2 - Cabernet Sauvignon Bulk Gallons Available**



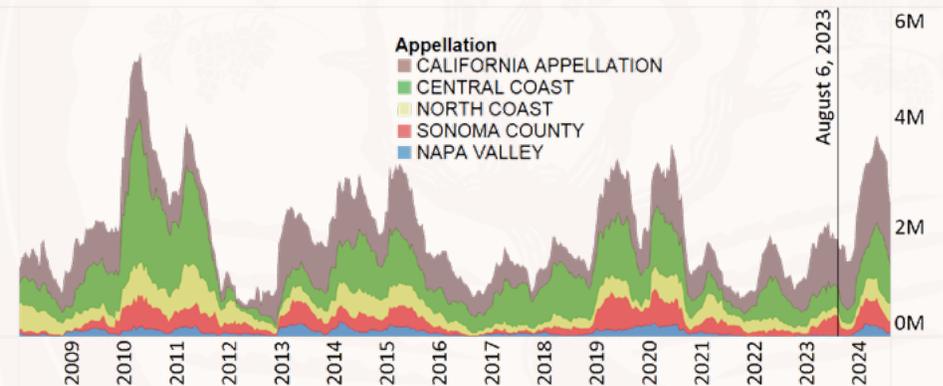
Cabernet Sauvignon bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- Sonoma County Cabernet Sauvignon supply remains elevated with low demand. Recent sales of 2022 vintage lots have been between \$15.00 to \$20.00 per gallon. Buyers continue to be slow to react to the opportunity for 2022 or 2023 wines. To move larger volumes, some sellers are listening to offers below \$10.00 per gallon.
- There continues to be large volumes of North Coast Cabernet Sauvignon actively for sale. While volume has come down, there are still 2.6 million gallons available. Demand has been very low for some time. Sellers understand that it will take a California Appellation price of \$1.00 to \$5.00 per gallon to move volume.
- There are 1 million gallons of Paso Robles Cabernet Sauvignon on the market with demand focused on 2023 vintage lots. Because of the volume actively for sale, buyers have been generally reluctant to secure 2023 vintage supply as of yet. As a result, we expect prices per gallon for the 2023 vintage to be between \$5.00 and \$13.00 per gallon for Paso Robles appellation lots. We have not seen any interest in wines from other parts of the Central Coast all year. If a seller really needs to move the wine, it has taken asking prices similar to California Appellation lots.
- There is still an abundance of older vintage California Appellation supply on the market, leading value-priced Cabernet Sauvignon to move between \$1.00 and \$4.00 per gallon, a reflection of minimal demand. There has yet to be much activity for 2023 Lodi or California Appellation Cabernet Sauvignon.

# Chardonnay

- Supply of Sonoma County Chardonnay has come down over the last couple months to 200,000 gallons actively for sale. For larger lot deals, we have seen buyers' interest between \$5.00 to \$9.00 per gallon, with smaller lot deals in the mid- to low-teens.
- North Coast and Central Coast supply isn't terribly large, but demand has remained low. Larger volume deals have been completed below \$3.00 per gallon while smaller volume deals have been between \$5.00 to \$8.00 per gallon.

**Figure 3 - Chardonnay Bulk Gallons Available**



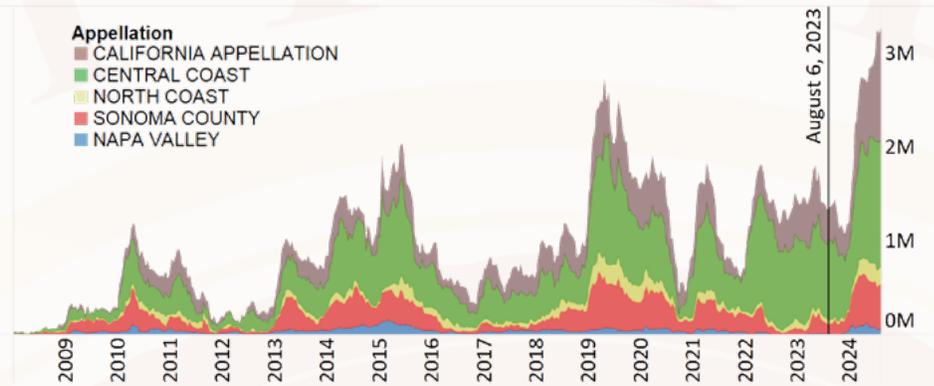
Chardonnay bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- Volumes are coming down for California Appellation Chardonnay, but only a few buyers have shown interest in securing volume. Buyers have been able to buy the quality needed between \$2.00 to \$4.00 per gallon. With these buyers sourcing what they need, there has been little additional demand to speak of.

## Pinot Noir

- Sonoma County Pinot Noir supply remains elevated overall, but Russian River is in shorter supply. This hasn't translated to additional demand, however. Deal activity has been sparse with recent sales of Sonoma County between \$5.00 to \$12.00 per gallon.
- North Coast supply is quite low with 175,000 gallons listed, but so too is demand. As for the Central Coast, there is far greater supply available with 1.3 million gallons with minimal deal activity.
- Demand for California Appellation Pinot Noir is limited. Recent sales have been around \$1.00, but those buyers have left the market and there is little additional demand despite opportunistic low prices.

**Figure 4 - Pinot Noir Bulk Gallons Available**

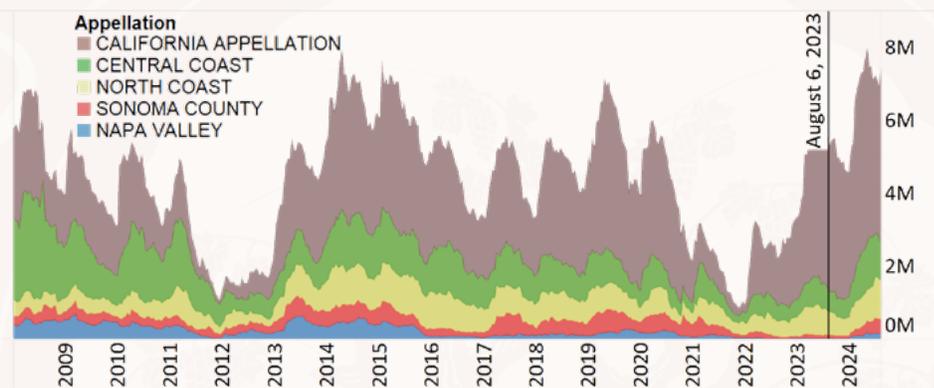


Pinot Noir bulk gallons available statewide, all regions. Source: Turrentine Brokerage

## Other Reds

- Volume of Napa Valley reds other than Cabernet Sauvignon is fairly limited, and there is a general lack of demand at this time for those wines as well. We would expect price to be between \$10.00 and \$25.00 per gallon, but the 2023 market has yet to really begin.
- There is greater supply of Sonoma County red blenders with buyers securing smaller volumes in the low teens. For larger volumes, that price would likely be closer to \$5.00 to \$8.00 per gallon.
- North Coast and Central Coast supply are in line with what we have listed over the last decade or so, but buyers have been uninterested. To move this wine, it will likely take a California Appellation price of about \$2.00 for larger volumes. Smaller volumes and higher quality lots could approach high single digits.
- There are far more gallons of California Appellation red blenders than buyers have need for, but there have been some recent smaller volume sales. Larger volume deals are difficult to find a buyer for, even at \$1.00 per gallon. There have been some buyers coming in for smaller quantities between \$4.00 to \$7.00 per gallon.
- In general, there have been very few buyers looking for Zinfandel throughout the state.

**Figure 5 - Red Blender Bulk Gallons Available**



Bulk gallons available statewide for Merlot, Zinfandel, Syrah, Petite Sirah, Petit Verdot, Malbec, and Teroldego, all regions. Source: Turrentine Brokerage

# Conclusion

The ancient Greeks and Romans used to dread the Dog Days of summer, but the ancient Egyptians took a more positive approach. They used the rise of Sirius as an indicator for the annual flooding of the Nile. This indicator was used to not only provide safety for their people, but also utilize the flood waters to their benefit. It took experience to recognize these trends, but they were able to leverage routine beneficial outcomes out of otherwise potentially disastrous times.

Leverage Turrentine's 50-plus years of experience interpreting market indicators to help you navigate these challenging times and secure high-quality wines and grapes at exceptional values, positioning your business for continued success. Whether you're seeking specific varietals, regions, or price points, now is the time to act as opportunities like these don't occur very often. Contact Turrentine Brokerage today, and let our expert team guide you through the dynamic landscape of the bulk wine, grape, and strategic brand markets.



## 2024 Harvest: Custom Crush Considerations

Last year, the bulk wine and grape markets shifted towards excess due to sluggish consumer sales and good yields per acre in 2023. Our brokerage firm closely tracks the grape and bulk wine markets and the potential opportunities to best advise our clients. However, despite very attractive asking prices, buyers remain cautious about acquiring more inventory.

In years where grape growers have unsold grapes, we often have frequent discussions about custom crushing. Again, this year, wineries are approaching us to promote their services and a few growers are inquiring about making wine. With over five decades of experience in custom crush bulk brokerage, we know that success depends on understanding risks, having mitigation plans, and setting realistic expectations.

Over the years, we've witnessed both triumphs and setbacks in custom crushing. This experience has taught us that success relies on grasping the risks involved, developing strategies to address them, and establishing achievable goals.

There's no single solution for everyone. Each client has a unique market position, so our advice is tailored. However,

regardless of market conditions, we consistently recommend:

**To Growers:** Be aware of the grape market's influence on the bulk wine market. A difficult grape market often indicates a challenging bulk wine market.

**To Processors:** Prioritize providing reliable customer service to the growers who will become paying clients.

For those ready to move forward:

**Understand the Market:** Grasp the current market dynamics. Seek our advice on likely future conditions for when your wine is ready to sell. We have data on existing inventory, demand patterns, and consumer preferences, as well as insights into future supply and demand trends by variety.

**Know Your Purpose:** Determine if your goal is to expand your customer base and market for future grape sales, protect your crop's value, or if you're simply dissatisfied with current grape prices.

**Quality and Quantity:** Produce the right amount of wine, considering factors like region, variety, and inventory. Aim for the highest quality – if you lack winemaking expertise, hire a consultant. Understand the demand for different wine styles. Make wine that has the best chance of selling in the bulk market while showcasing your grapes to potential buyers.

**Budget Wisely:** Strike the right balance of investment—be cautious not to over invest in wine that may not sell, and avoid under investing to the point that buyers are uninterested in the wine while also reflecting poorly on your grapes. Allocate funds for improving wine quality. Ensure your wine remains competitive, especially for last-minute blends.

**Patience Pays:** Be prepared to store your wine for 18 months to 2 years. Rushing sales can significantly hinder your success.

**Grower-Winery Partnerships:** We've developed custom crush partnerships over the decades, and these strategies become more popular during oversupply. While they can be beneficial when both parties have clear expectations, they can also be challenging and unsuccessful if expectations are misaligned. To ensure mutual success, we've created strategies to foster not only superior wine quality but also strong partnerships.

Since each deal has unique variables and requires specific advice, it's best to contact us to help you understand the pros and cons of your particular situation. We've built lasting relationships with our clients for over 50 years, always prioritizing their long-term interests. Call us so we can provide personalized guidance on the advantages and disadvantages of your unique scenario.

***Need Processing? How about Storage?***

***We know of multiple options in all regions that can accommodate various size needs.***



EST. 1973



NEW PODCAST



Small Fortune Podcast

Ep 26: The Wine Supply Cycle with Turrentine's Steve Fredricks



0:00



0:00

## 2024 Crop Contest

Enter your best guess in the category '2024 Statewide Total Wine Grapes' for a chance to win a plaque and a YETI Tundra Ice Cooler!

The actual number for the 2024 Statewide Total Wine Grapes will be taken from the Final Crop Report, Table 2, Total Wine Grapes. Winner will be chosen by selecting the closest number without going over. Other category winners will receive a 1st place plaque and a bottle of Champagne!

Please turn in all entries by January 31, 2025.



[\*\*ENTER NOW\*\*](#)

# 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

## Grape Market Available

Napa Valley Cabernet Sauvignon	Chardonnay throughout the San Joaquin Valley
Napa Valley Chardonnay	Merlot throughout the San Joaquin Valley
Napa Valley red blenders	Zinfandel throughout the San Joaquin Valley
Napa Valley Sauvignon Blanc	Pinot Grigio throughout the San Joaquin Valley
Sonoma County Cabernet Sauvignon	Sauvignon Blanc throughout the San Joaquin Valley
Sonoma County Chardonnay	Paso Robles Cabernet Sauvignon, young but established
Sonoma County Sauvignon Blanc	Paso Robles Cinsault
Sonoma County red blenders	Santa Lucia Highlands Chardonnay
North Coast Cabernet Sauvignon	Santa Lucia Highlands Pinot Noir
North Coast Chardonnay	High elevation Monterey Chardonnay and Pinot Noir
North Coast Sauvignon Blanc	Santa Ynez red blenders, small lot and truckload quantities
North Coast red blenders	Sta Rita Chardonnay and Pinot Noir, great opportunity to get into vineyards for the future
Cabernet Sauvignon throughout the San Joaquin Valley	

## Bulk Market Available

- '22/'23 Napa Valley Cabernet Sauvignon
- '22/'23 Sonoma County Cabernet Sauvignon
- '21/'22 Lake and Mendocino County Cabernet Sauvignon
- '23 North Coast Sauvignon Blanc
- '23 California and Clarksburg Albariño
- '21/'22 Central Coast Cabernet Sauvignon
- '23 Central Coast and Lodi Grenache Blanc
- '22/'23 California Appellation Chardonnay
- '23 Clarksburg Chenin Blanc
- '23 California Appellation Pinot Grigio
- '22/'23 Willamette Valley Pinot Noir



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