



NOVEMBER, 2024

THE **TURRENTINE** **NEWSLETTER**



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A Time for Reflection & Collaboration

By Steve Fredricks

As the 2024 harvest concludes, the Thanksgiving holiday approaches, and the year draws to a close, it's a natural time for reflection and giving thanks. While it's easy to get caught up in the current negativity caused by slow consumer sales and oversupply, let's appreciate a few of the positives—both in the past year and the one ahead.

We can be thankful the 2024 harvest was earlier, smoother, and lighter than in 2023. And, despite the multiple heat events throughout California, winemakers' feedback has been positive to excellent regarding the vintage's quality thus far. This presents continued opportunities for the industry, as wine quality for consumers is better than ever with diverse styles.

We can also be thankful that beyond the vines and wines, there is a growing awareness and an increasing sense of collaboration to address and turn the tide of our global consumer sales challenges. There will not be one singular solution to address the consumption challenges and improve the market; instead, many initiatives will be needed. One such initiative by the California Wine Institute outlined a marketing message specifically targeted at Zillennials—a crossover of younger generations—which can be applied in many ways in support of promoting wine. The key finding from their research showed that younger generations expressed a longing for more face-to-

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face time with friends and family. As we all know, wine is a perfect beverage for sharing—one that lubricates conversation and, as they describe, “Cultivates Togetherness.” This idea of promoting wine as the perfect beverage to foster and enhance togetherness was also a central part of the successful inaugural “Come Over October,” or “COO.” This desire from Zillennials presents a unique opportunity for the wine industry to capitalize on. These types of efforts that are mounting globally, but the marketing efforts to promote wine will need to be a collective effort.

To read more about various initiatives, we encourage you to visit the [Wine Industry Network website page which was created to be a hub for these industry efforts](#). Mike Veseth has also done a good job consolidating various global efforts in a [recent Wine Economist article](#). We encourage you to find what efforts resonate with your business and ways to join in the effort to promote the responsible consumption of wine.

While not everything is positive, there is still plenty to be thankful for right now. Let us all share in the festive spirit of getting together with friends, family, and a bottle of wine or two for the Thanksgiving and Christmas holidays. Let this time remind us of the benefits wine adds to these occasions, the strength we find in community, and help promote a thriving future for our industry.

This issue will include a grape harvest summary by region, a look at the bulk market with an emphasis on early demand for 2024 varieties, and an international update.

Grape Market

North Coast

By Christian Klier

Tons crushed throughout the North Coast will be down significantly from the last few years, but while the crop was light, it was not short. The markets were, and continue to be, in excess with grapes left on the vine, primarily for reds, in all North Coast Counties.

Sauvignon Blanc yields were down in all counties from the year before—but of all varieties, there was more late-season demand for Sauvignon Blanc than any other. This included post-harvest Sauvignon Blanc, although supply was not available at that point. Chardonnay yields were down in Napa Valley, a bit closer to average in Sonoma County, and a little heavier in Mendocino County. In some cases, buyers of Sonoma County Chardonnay who did not receive or find enough to fulfill their needs turned to supply in Mendocino to fill the balance.

Cabernet Sauvignon and other red blenders, in general, appeared to be heavier earlier in the year, but yields decreased throughout the North Coast due to the late-season heat waves. Despite the heat, Sonoma County Pinot Noir yields came in heavier than average. Despite lower prices and generally reduced yields, there was not much of a late-season market for red varieties.

Last year, grape prices were higher early in the year than late, and that is likely to be true again in 2025. We recommend sellers give themselves the best chance to get their fruit sold and possibly at a better price by listing fruit with us early. Similarly, it behooves buyers to be in the market early for re-signs so growers can plan for and invest in the vineyard accordingly.

Central Coast

By Audra Cooper

The crop size in the Central Coast was down in all regions regardless of variety due, in part, to the record summer heat. Cabernet Sauvignon and Pinot Noir were likely the lightest varieties this year, with the potential for historically low yields per acre. Chardonnay and Sauvignon Blanc, however, were more hit-and-miss but will be below average throughout the Central Coast as well.

The smaller yields were enough to generate some additional late-season demand for replacement tonnage. This was not new demand, and not enough demand to sell everything that was available nor increase prices significantly, but due to this demand there were fewer tons left on the vine than predicted. One example was Paso Robles Cabernet Sauvignon—tons moved late in the year to fill allocations and replace volume, but in most cases at prices below sustainable levels for sellers.

There were significant removals in the Central Coast in 2024, and there will be more over the winter and into 2025. With the protracted excess, it could prove critical to have early conversations about re-signs to keep certain desired blocks in production and keep key relationships ongoing.

San Joaquin Valley

By Mike Needham

Harvest wrapped in early-October, and we have since received indication from growers on what was delivered on brokered sales. While the crop overall was down, yields fared better for newer plantings in the Lodi/Delta regions than they did for the rest of the interior due to the extended and record heat. The smaller crop led to some late-season activity on white varietals, particularly Pinot Grigio, Chardonnay, and Sauvignon Blanc. Had the crop been average, these transactions would have likely not occurred. Whites were generally picked throughout the interior, aided by a late-season concentrate market, but the same cannot be said for reds. There was very little, if any, late-season interest resulting in grapes staying on the vine.

With acreage removals, lower than anticipated yields, and grapes left on the vine, there is a real chance that this could be the smallest crop in the last 20 years. This isn't just in the interior, but as the interior has historically produced three out of every four tons crushed in the state, this could be a statewide low going back to possibly 2004 when the crop was 2.8 million tons.

As we roll into the 2025 grape market, please remember to list your grapes early. In an excess market, deals can take a long time to complete. The earlier we receive your listing, the better chance we have at selling your fruit in this challenging grape environment. Likewise, to buyers, addressing re-signs early can allow the seller to plan accordingly for the upcoming harvest and maximize grape quality.

Bulk Market

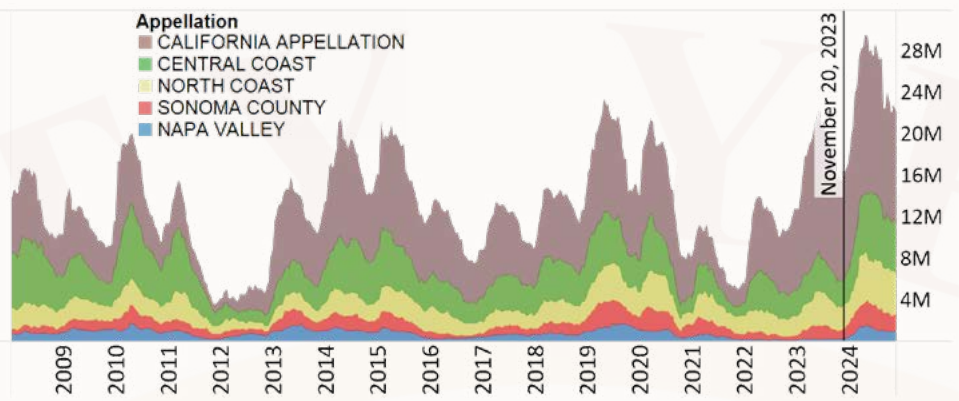
By Steve Robertson, Marc Cuneo, and William Goebel

The reduction in gallons actively for sale throughout summer and leading up to harvest was similar to most years, but the record volumes on the market meant more wine needed to come off the market than usual to bring the bulk market closer to balance.

The 2024 vintage bulk wine gallons listed for sale has now starting to outpace the reduction in volumes of older vintages

wines, causing total volumes of bulk gallons actively for sale to slow the rate of decline, and in some regions, begin to increase. There are now 5 million more gallons actively for sale than we have previously listed at this time of year, totaling 22.7 million. While nearly 23 million gallons actively for sale is substantial, for perspective, it is just the equivalent of roughly 130,000 tons. The 2024 crop was smaller by a significantly larger quantity.

Figure 1 - California Statewide Bulk Gallons Available



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

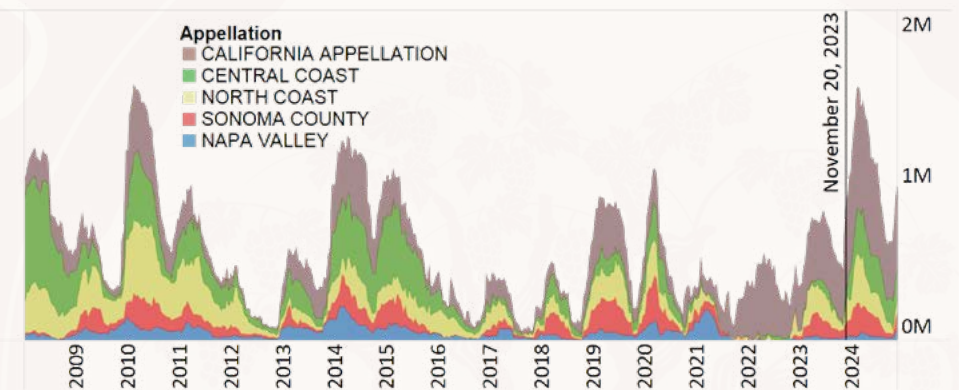
The lack of demand and conservative buyers continue to be the dominant variable in this slow market. Early post-harvest indicators show continued preference from buyers for white wines which, while still sluggish, have strengthened somewhat due to the lighter crop. The market continues to be very challenging to sellers of older vintage red wines, even at value prices. With that said, a bright spot over the last six months is that considerable volumes of older vintage red wines have sold, but prices have been for \$1.00 or less per gallon. Overall, there are more buyers in the market early this year when compared to last year at this time, but they are still mostly interested in smaller volumes and sourcing when they are absolutely certain they can use it. Managing inventory continues to be a crucial focal point for all buyers. The market will likely remain soft, especially for red wines, as we move into 2025.

Sauvignon Blanc

Supply:

- 600,000 gallons of 2023 vintage wine remain actively for sale.
- 2024 wines are now listed for sale from all appellations, and new listings are added every week.
- If you have wine to sell, let us know right away. Even if the wine you want to sell may not be ready, please let us know and get samples to us early in the new year.

Figure 2 - Sauvignon Blanc Bulk Gallons Available



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

Demand:

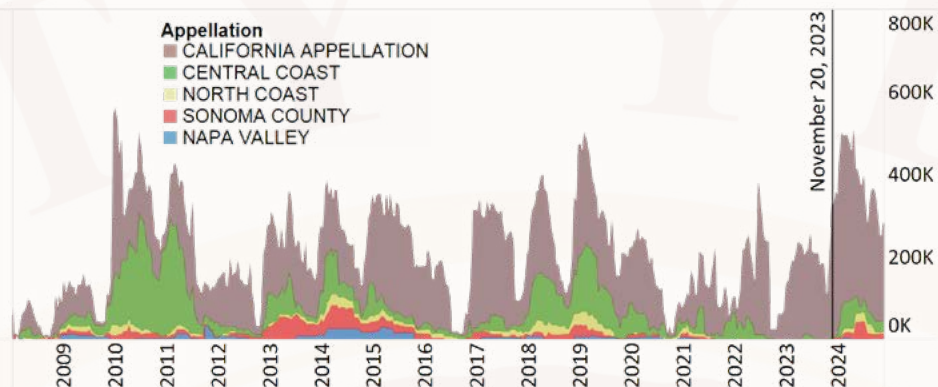
- Early in the spring of 2024, buyers moved on from the 2023 vintage, and there is no real interest in these wines now, even to blend into dry white.
- More buyers are in the market early this year than last year and are focused only on 2024 vintage lots, but they are relatively conservative on volumes and price-sensitive.
- Recent sales for California Appellation wines have been between \$4.50 to \$6.50 per gallon.
- We expect additional demand over the next few months, but we do feel that the market will end early again this year.
- Asking prices are attractive if you need Sauvignon Blanc or want to add the varietal to your lineup. Contact your broker to review the opportunities.

Pinot Grigio

Supply:

- The lower volume of bulk wine actively for sale vs. last year is an outcome of the light yields per acre.
- Sellers have identified the wines for sale, and samples are ready for anyone interested in buying.
- Most of the few listings we currently have are California Appellation.

Figure 3 - Pinot Grigio Bulk Gallons Available



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

Demand:

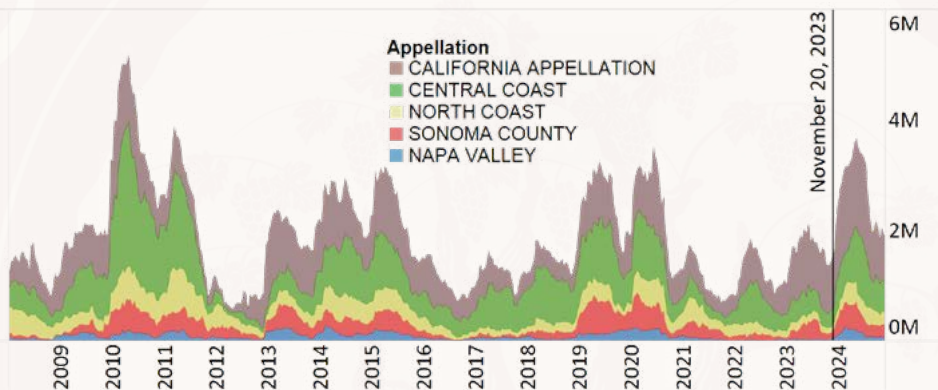
- Pinot Grigio grapes were more in demand than other varieties late in the season, and some of that moderate demand has carried over to the bulk market for 2024 wines.
- Recent sales for California Appellation lots have been priced between \$4.75 and \$6.50 per gallon.
- The market for coastal Pinot Grigio is not as strong, and there are only a few buyers looking to add a small volume to their blends, so far.
- If you are in need of Pinot Grigio, our suggestion is to look early to ensure you get the quality of the wine you need.

Chardonnay

Supply:

- Over the last year, the supply of Chardonnay actively for sale did not increase to the same degree as other varieties on the bulk market, yet there are nearly 2 million gallons remaining of 2023 and older still available.
- There may continue to be a market for 2023 wines, but there is not likely to be enough demand to move all available gallons.
- Volume of 2024 vintage Chardonnay actively for sale is still modest with just 85,000 gallons, and we have been notified of additional lots that will be coming available soon from Napa Valley, Sonoma County, Mendocino County, Monterey County, and Paso Robles.

Figure 4 - Chardonnay Bulk Gallons Available



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

Demand:

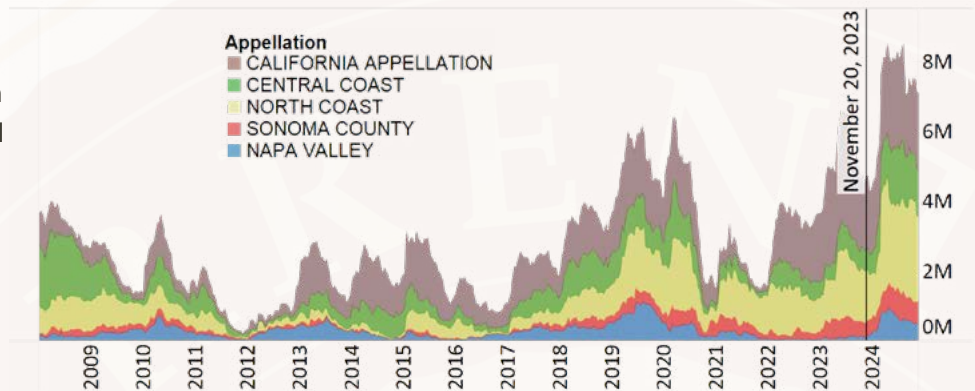
- Chardonnay supply still exceeds demand, but it is not as far out of balance as red wines and could certainly come closer to balance throughout this coming year. That does not necessarily mean prices will increase, but it means more volume could sell in 2025 in contrast to the volume sold in 2024.
- Most of the recent demand has been for 2023 Sonoma County. Recent sales for 2023 vintage Sonoma County lots have been between \$6.00 to \$12.00 per gallon.
- There has also been demand, to a lesser extent, for California Appellation Chardonnay with recent sales between \$3.00 and \$5.00 per gallon.
- Buyers are not yet requesting samples of 2024 vintage lots, but are likely to focus on 2024 wines soon.

Cabernet Sauvignon

Supply:

- Bulk gallons of Cabernet Sauvignon actively for sale continue to hold at near-record volumes with 7.5 million gallons actively for sale from all AVA's in California.
- This is comprised primarily of 2023 vintage lots, but there are sizeable quantities of 2022 vintage and older still on the market.
- 2024 vintage lots will be coming to the market soon.
- Despite below-average yields per acre statewide, supply will continue to exceed the limited demand for the near future.

Figure 5 - Cabernet Sauvignon Bulk Gallons Available



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

Demand:

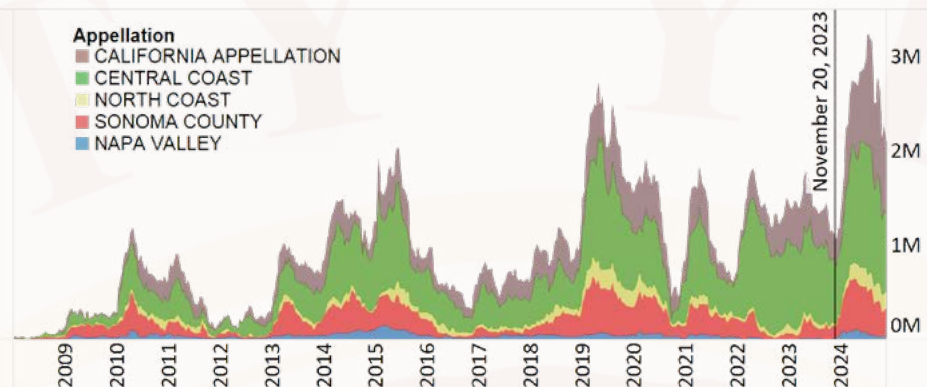
- There are consistent transactions for Cabernet Sauvignon throughout California, but the quantities have been very small and prices low.
- There were fewer transactions for Napa Valley and Paso Robles lots in 2024 than originally predicted due, in part, to a discrepancy in vintage available and vintage desired—most of the volume available was 2023, and bulk buyers were looking for older wines that could be placed on shelves more quickly.
- With 2023 vintage wines a bit older now, we expect more volume to move next year, but prices will most likely remain low.
- California Appellation lots have been moving between \$1.00 to \$5.00 per gallon, generally at well below cost and less than imported bulk wine from Chile or Australia.
- Coastal Cabernet Sauvignon has been moving between \$3.00 to \$7.00 per gallon, regardless of vintage.
- There are opportunities for Cabernet Sauvignon available at prices that we have not seen for quite some time, so give the brokers a call to review the opportunities.

Pinot Noir

Supply:

- 1.7 million of the 2.3 million gallons of Pinot Noir listed statewide are 2023 vintage, and 50,000 gallons of 2024 lots are listed already. This is the most gallons of Pinot Noir carried over to the next year ever.
- Yields per acre in 2024 were lower in the San Joaquin Valley and Central Coast than in 2023, which could limit the gallons of 2024 listed from those areas.
- The crop was closer to average in Sonoma and Mendocino Counties which could bring additional supply to the bulk market given low demand.

Figure 6 - Pinot Noir Bulk Gallons Available



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

Demand:

- There has been limited activity for California Appellation Pinot Noir, with prices between \$1.00 and \$4.00 per gallon.
- Buyers will begin transitioning to the 2024 vintage soon, and there are likely to be similar opportunities for the 2024 vintage as there have been for 2023.

International Update

The following summary market updates were supplied by our global strategic partners CIVS (Europe), Austwine (Australia), and San Nicolas Wine Services (Chile & Argentina)

France

The 2024 French harvest could be down nearly 20% compared to last year. The main areas that were impacted by the lighter crop this season were Bordeaux, Burgundy, Loire, and Champagne. It is likely that the southern regions will have a slightly smaller crop also, but not dramatically so. This is likely to keep prices stable. The one anomaly to price stability is Provence—supply actively for sale has increased and there has been a substantial decrease in prices following the global frenzy for Provence Rosé over the last eight years.

Italy

Italy was the largest global volume producer again this year with the crop up a projected 7% over 2023. This volume increase was carried by Northern Italy, including Tuscany, that had higher-than-average yields per acre. Yields weren't quite as favorable in the Southern Italian regions of Puglia and Sicily due to a very dry summer, impacting white wines in particular. Prices are stable in most regions, but there has been downward pressure on the price for red wines in certain areas.

Spain

It was a good harvest overall in Spain, but areas such as Cava and Catalonia were impacted. Despite this, the volume is likely to be up 20% from 2023 at good quality for international varietals from La Mancha. Prices are stable, but there are good opportunities for buyers at bargain prices.

Australia

2023 and 2024 red inventories in the inland commercial regions continue to fall, with most producers now reporting balanced stocks of current vintage reds and much firmer asking prices. White varieties remain balanced-to-short, and older vintage reds are becoming less marketable and less relevant to current vintage programs as each month passes.

Premium regions continue to experience an oversupply of red wine. The adjustment to smaller crops in the last two years has been rapid, and 2025 is also expected to be modest in size due to prevailing low grape prices, leading to reduced inputs, mothballing, and some removals. Widespread and severe frosts in Riverland, Griffith, Barossa, and Clare during mid-September caused significant damage, and the recovery, although encouraging, is only partial. The varieties most impacted were primarily white varieties and Shiraz.

The removal of Chinese tariffs on Australian wine has led to large volumes of wine shipped to that market in the few months since. It remains to be seen what proportion is pipeline fill and what proportion is re-ordered. Supply gaps have begun forming in the domestic market during 2024, leading to levels of buyer interest not seen for several years. The frost event also sparked buyer interest for current vintage bulk wine and 2025 grapes.

Chile

As the season moves from spring to summer in the Southern Hemisphere, bulk inventories of white wines actively for sale are more in balance than red wines, and prices for both are stable.

While it is still early, vineyards appear to have normal yields per acre at this point. Acres have been removed since last harvest, but exact numbers are challenging to total. Based upon the fewer acres and the lower bulk wine inventories, prices for 2025 red and white grapes have increased but are still just barely sustainable. As a result, growers might be less likely to continue to pull out vines. While price increases are generally good for the current market in Chile, there is concern going forward that higher prices could slow down sales of bottled export programs that were started over the last few years at low prices.

Argentina

Argentina's domestic consumption of wine continues to drop—exacerbated by high prices for wine and lack of discretionary income.

On the positive side, inflation seems to be under control for now. Overall, acres of dry red and dry white varieties are still coming out due to the continued lack of consumer demand and corresponding low prices not just in Argentina, but globally. White wine was in short supply since last harvest due to the frost-induced short crop in 2024. Red wine was, and continues to be, in oversupply, especially Cabernet Sauvignon and Malbec from Mendoza. As a result of the continued Cabernet Sauvignon oversupply and the better global market for Malbec, some Mendoza region acres have recently been replanted from Cabernet Sauvignon to Malbec.

Looking towards 2025, early projections are for a better crop of whites and a good crop of reds as well. Bulk wine and grape prices are stable, but are likely to remain low. With additional supply from a better 2025, there will be better opportunities to source Argentinian whites in 2025.

Conclusion

As we navigate the complexities of the bulk wine and grape markets, let's carry the spirit of Thanksgiving with us, especially the notion of "Cultivating Togetherness." This means more than just sharing a meal or exchanging pleasantries. It's about fostering a sense of community where we support each other, share knowledge, work towards common goals,

and promote the unique bond that can be created from sharing a bottle of wine with friends and family.

We hope you have a great holiday season and look forward to hearing what you are looking to sell, or looking to buy, as we enter the new year. Please reach out to your broker for any additional questions you may have on the current markets and get a more personalized update.

New Grape Broker

We are very excited to announce the newest addition to Team Turrentine!

Eddie Urman, Central Coast Grape Broker

Eddie Urman brings a wealth of industry knowledge and a hands-on approach to his role as Central Coast Grape Broker with Turrentine Brokerage. A Paso Robles native, Eddie has spent over a decade immersed in California's wine industry, building a deep understanding of grape markets and nurturing strong relationships with growers and wineries across the region.

Eddie's background in vineyard management gives him unique insights into the nuances of Central Coast viticulture. Known for his dedication and straightforward communication style, he's committed to helping clients navigate the complexities of grape sourcing, market trends, and long-term strategies. Outside of work, Eddie enjoys exploring the outdoors, hiking with his wife, and spending quality time with their red Labrador, Frank. He's also an avid football fan and brings the same enthusiasm to his personal interests as he does to supporting California's wine industry.

In corresponding news, Audra is now the Director of Grape Brokerage. While she oversees our grape division, she will still call the Central Coast her home.



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.



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A WINEINDUSTRY NETWORK EVENT

2024 **WINEXPO**

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Grape and Bulk Wine Market Outlook: Understanding the Key Indicators for 2025

Presented by Christian Klier & Marc Cuneo



Unified Wine & Grape Symposium

SAFE Credit Union Convention Center
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Come see us at
Booth #515



...also, come see Audra Cooper present

Industry Hot Topics

January 29th from 1:00 to 2:15

Other upcoming events include:

Helena Agri-Enterprises

December 3rd



&

Vit Team Podcast

featuring Audra Cooper & Eddie Urman,
releasing in early-2025

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

Bulk Market

Needed	Available
'24 Pinot Grigio from all regions	'24 Sauvignon Blanc from all regions
'24 Sonoma County Chardonnay	'24 Chardonnay from all regions
'24 California Appellation Malbec	'24 Central Coast Pinot Noir
	'24 California Appellation Pinot Noir
	'22/'23 Napa Valley Cabernet Sauvignon
	'22/'23 Sonoma County Cabernet Sauvignon
	'21/'22/'23 Lake and Mendocino County Cabernet Sauvignon
	'23 North Coast Sauvignon Blanc
	'21/'22/'23 Central Coast Cabernet Sauvignon
	'22/'23 California Appellation Chardonnay
	'22/'23 Willamette Valley Pinot Noir
	'21/'22/'23 Central Coast Pinot Noir
	Spirits: Brandy, Whiskey, & High-Proof



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