



CIATTI
GLOBAL WINE & GRAPE BROKERS



California Report

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**Ciatti Global Wine
& Grape Brokers**

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- 3 The North & Central Coasts
- 3 Lodi & The South Central Valley
- 2 Hot Opps Box
- 5 Contacts

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Use the links above
to jump through this
document.

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Late August temperatures in California's growing areas were lower than normal, assisting grape maturity and – arguably – stalling the harvest timetable somewhat from what we have become accustomed to in recent years. The slowdown will be logistically problematic if the cool weather lingers a while and then a heat spike causes all varieties to become ready at once, particularly if this extra hang time has sized-up the crop.

Certainly on eye test, some varieties in some areas appear to have sized-up in the past 2-3 weeks. Because of this, our overall harvest estimate given in the past couple of months – 4.2 million tons – could prove to be slightly shy of the final result. Throughout the Coast, vineyards are healthy, crops uniform, and quality looks very good. For a more detailed breakdown of how the harvest is unfolding by region, see page 2.

Wineries are currently hesitant to get involved in the market as it's still too early to know how big the crop will be and many possess inventory already. There are some smaller wineries buying grapes, and some growers are willing to sell for less than they'd like in order to get some grape sales moving, but – while this is probably the right impulse – lowering prices may not automatically attract interest. Some wineries that are traditional grape buyers are currently sellers and they are trying to adjust their own inventory.

The ongoing unresponsiveness of the wine and grape markets inclines us to think many wineries may hold grape growers to their contracted tons this year; if some overage does develop, it could get picked speculatively by growers, but in many areas a certain percentage might get left out on the vine. Something else that will need to be taken into consideration when this decision gets made is storage availability: in some areas, as the harvest moves into late September through October, space may become problematic due to pre-existing inventory levels.

Finally, according to Gomberg-Fredrickson data, total shipments of Californian and imported wines to the US market were flat in January to April 2018 inclusive, and total California shipments to all markets were down 2%. For more on California's position in the global bulk wine marketplace, check out our monthly *Global Market Report*.

Robert Selby

Hot Opps Box

There continues to be fruit available from the Coastal regions. Sellers of bulk wine and grapes are increasingly willing to compromise a little on price: there are opportunities on Coastal reds – including Cabernet – as well as Pinot Grigio (wine and grapes) from the Central Coast and Central Valley. In addition, Oregon can offer competitively-priced, good quality Pinot Noir and Pinot Grigio wines.

The North & Central Coasts

The cooler weather in the second half of August has potentially served to compact grape readiness, causing logistical concerns should everything need bringing in at once. The logistical headache could be compounded in the Central Coast especially by the fact many wineries there pull in product from multiple areas. In addition, the squeeze on storage space brought about by relatively large amounts of carryover inventory could start to tell in the latter days of harvest.

This big inventory and slow grape market leads some to believe there will be fruit left on the vine in the Central Coast. It may be a challenge finding processing and storage space for any overage, and then a market for the bulk wine.

The harvest in the North Coast has commenced later than in recent years. Some Sauvignon Blanc and sparkling wines have been picked, and growers are just starting to get underway in most areas. We have heard early reports that Pinot Noir and Chardonnay for sparkling wine in Sonoma County are coming in above estimates. Down in the Central Coast, some Sauvignon Blanc has already been picked and some rosé programs are underway. Harvest in the Central Coast will not get fully underway until mid-September when Chardonnay and Pinot Noir start coming in and we really start to get an idea of what the crop looks like.

There has been talk of the harvest timetable in some areas of the Central Coast – such as southern Monterey and Paso Robles – being somewhat behind the late-normal situation in the rest of the state. Some Central Coast growers have said things are a little behind in terms of base sugars. On eye test, things look in-line with the rest of the state.

Other than the cooler weather, there have not been any viticultural issues in the vineyards. We are seeing very clean, uniform crops in the North and Central Coasts, with things ripening and undergoing veraison at the same time. Quality should be good.

Lodi & The South Central Valley

The last two weeks of August in the Central Valley were unseasonably cool – perhaps 10°F cooler than normal – allowing sugar accumulation to slow and grapes to hang for longer. Time will tell if it also allowed the crop to size up slightly. Moving into September, a potential compacted harvest is a concern should a heat-spike encourage everything to be ready all at once. As in the Coast, it would create a logistical headache

in terms of storage and transport, particularly for those large wineries in Lodi that draw in grapes from multiple regions.

Lodi wineries with Pinot Grigio, Sauvignon Blanc or sparkling programs have been harvesting since mid-August. Some Chardonnay and White Zinfandel has come in here or there, with Chardonnay really getting underway from September.

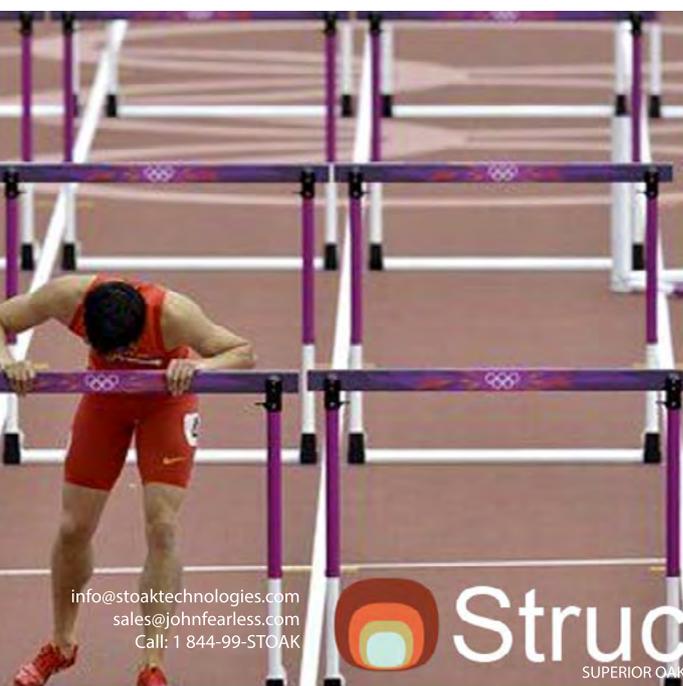
In addition, the early reds will start to come in from the first week of September.

Volume indications for the Central Valley as a whole remain average-plus, with quality looking solid. The impact of this year's harvest on the grape juice concentrate market is as yet unclear. Thompson seedless is looking lighter and rubired is yet to be crushed.

Weather Observation

According to the monthly weather report by Dr Gregory V. Jones, at Oregon's Linfield College, August temperatures in the Bay Area, Coast and Central Valley were cooler than average due to an unexpected, strong coastal upswelling producing a strong marine layer. This upswelling, ongoing through the year, was especially dominant in August. In addition, there is evidence that mid to high-level smoke lowered daytime temperatures in many regions of the West.

Looking ahead, a warm, dry western US is forecast through fall and early winter, with rainfall potentially lower than average through at least mid-November. For more, see Doctor Jones's reports [here](#).



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