



MARKET UPDATE





CIATTI

GLOBAL WINE & GRAPE BROKERS

21 DEDICATED BROKERS IN 8 COUNTRIES



GLOBALLY BASED TO BUILD YOUR BUSINESS WORLDWIDE

THE CIATTI COMPANY

- **21 BROKERS WORLDWIDE**

- **ARGENTINA, AUSTRALIA, CANADA, CHILE, FRANCE, GERMANY, SOUTH AFRICA, USA**

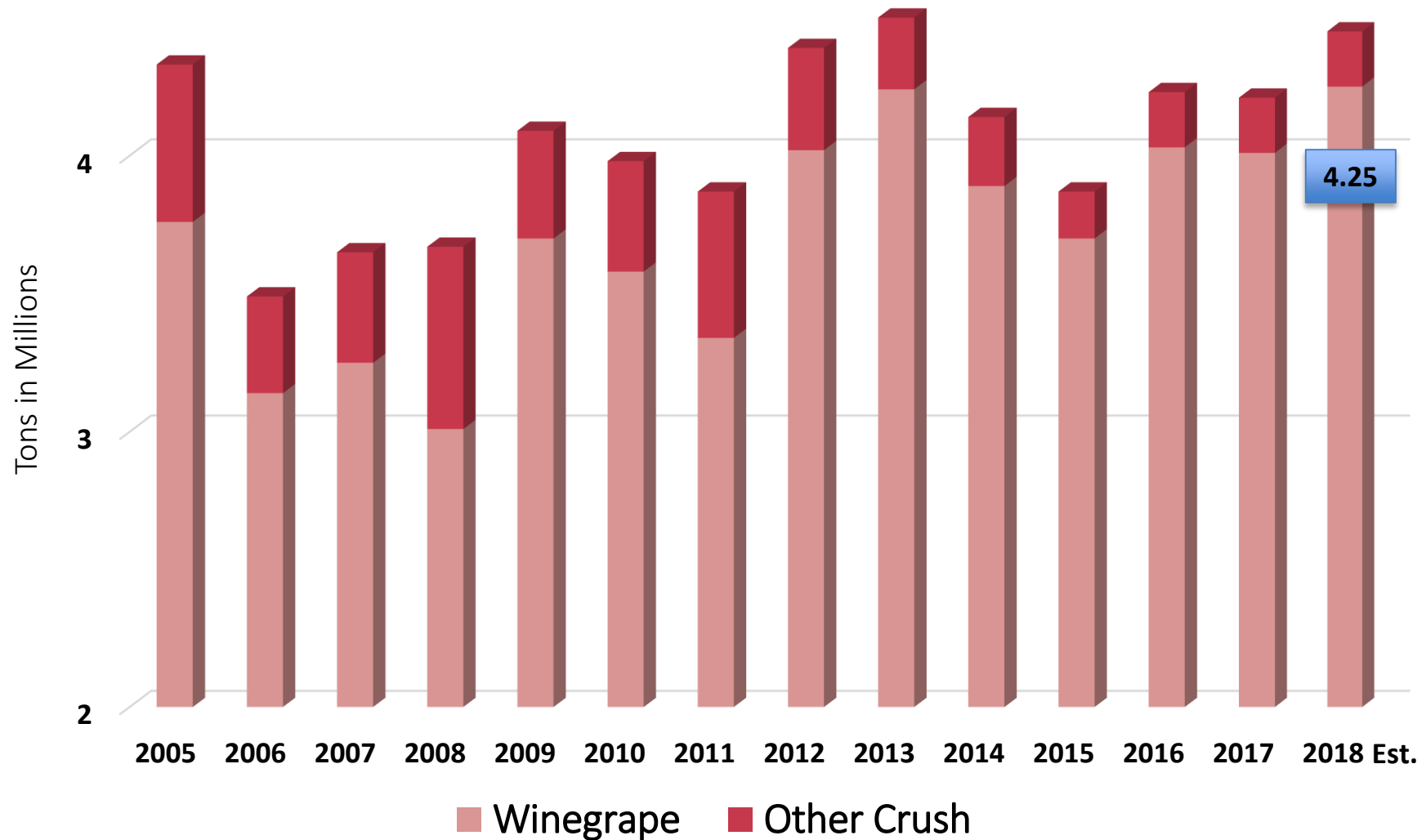
- **9 WITHIN CALIFORNIA**

- **NORTH COAST, CENTRAL COAST, LODI, CENTRAL VALLEY & FOOTHILLS**

- **GRAPES, JUICE , BULK WINE, CASE GOODS, JUICE CONCENTRATES, HIGH PROOF, SPIRITS, STORAGE, & PROCESSING**

CALIFORNIA

STATEWIDE GRAPE CRUSH



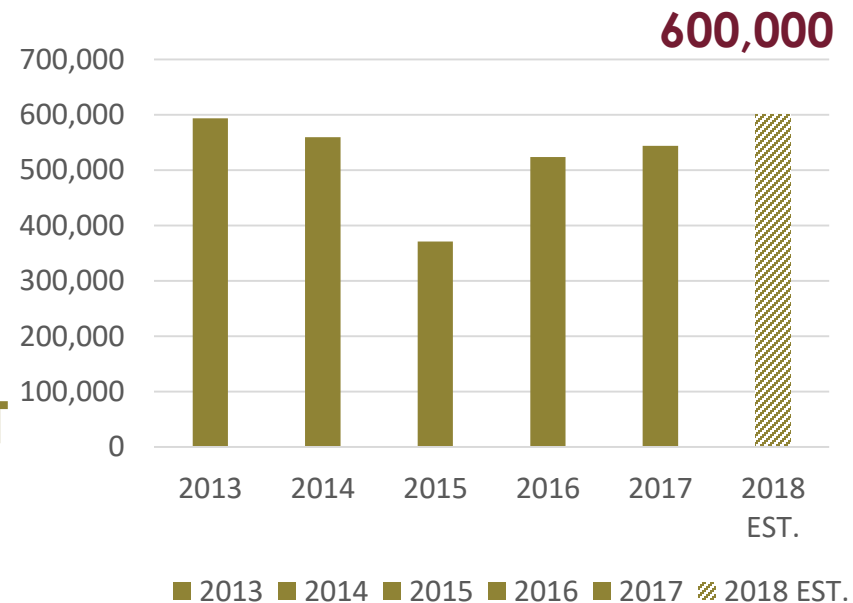


REGIONAL MARKET

CENTRAL COAST

- HARVEST

- LATE CROP
- COOL WEATHER; LONG GROWING SEASON
- NEW PLANTINGS vs. OLD PLANTINGS
- BUYERS RELUCTANT TO COMMIT



- MARKET

- SLOW MARKET, QUIET
- MARKET SUSCEPTIBLE WHEN CROP IS BIG (PASO ROBLES)
- TOO MUCH CAB PLANTED?
- CH & PN DEMAND BOTH BULK & GRAPES

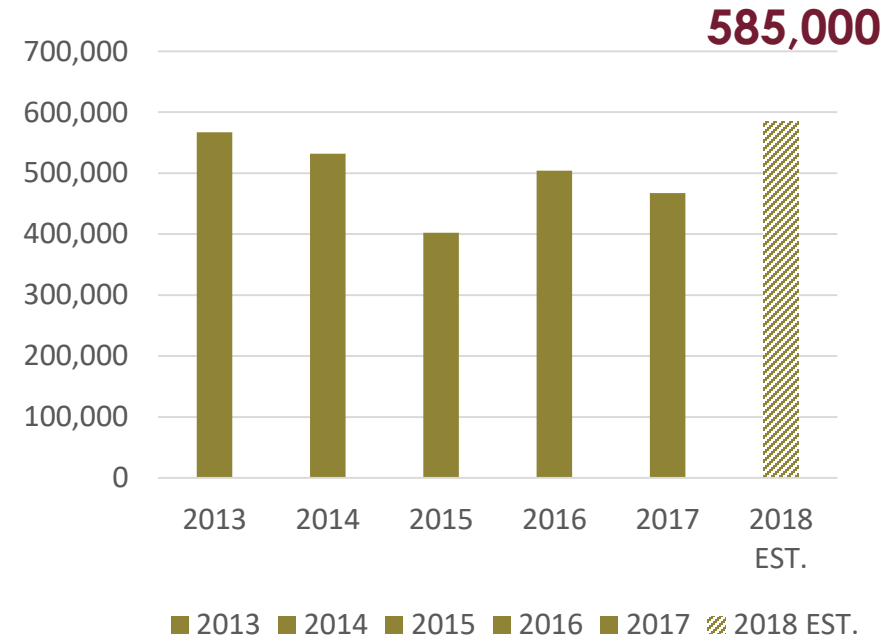
NORTH COAST

- HARVEST

- LATE AND COOL
- LATE SEASON RAIN
- FIRES AN ISSUE
- GRAPES SIZED UP LATE

- MARKET

- EARLY CAB BUYERS
- SLOWED SIGNIFICANTLY
- CAPACITY ISSUE
- WINERIES BECOMING SELLERS
- WINERY PRESSURE ON QUALITY



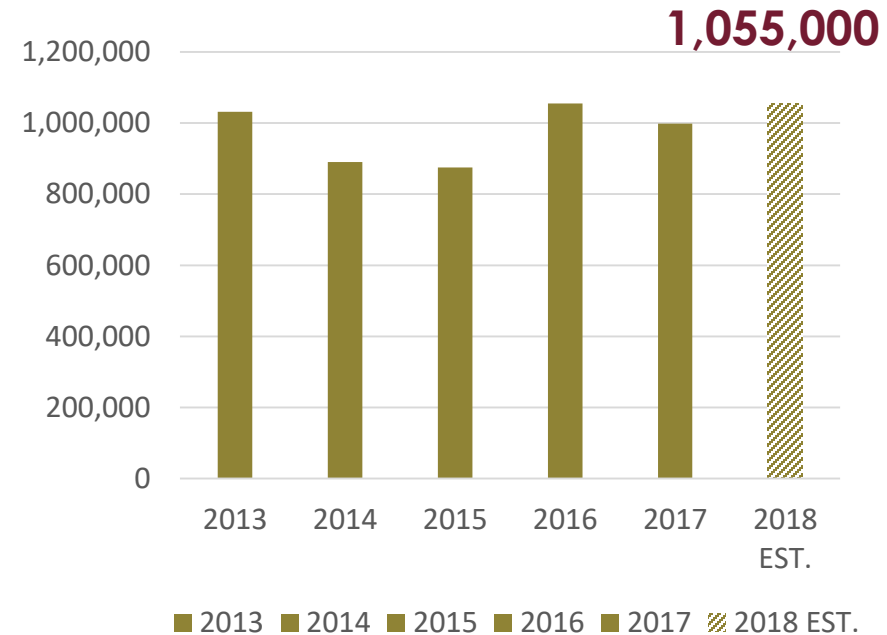
NORTHERN INTERIOR

- HARVEST

- LATER THAN RECENT YEARS
- COOL GROWING SEASON
- LINGERING WITH LIMITED TANK SPACE

- MARKET

- CHARDONNAY AND SAUV BLANC STRONG EARLY
- OVERALL SLOW SPOT MARKET
- ZIN QUIET; MORE REMOVALS



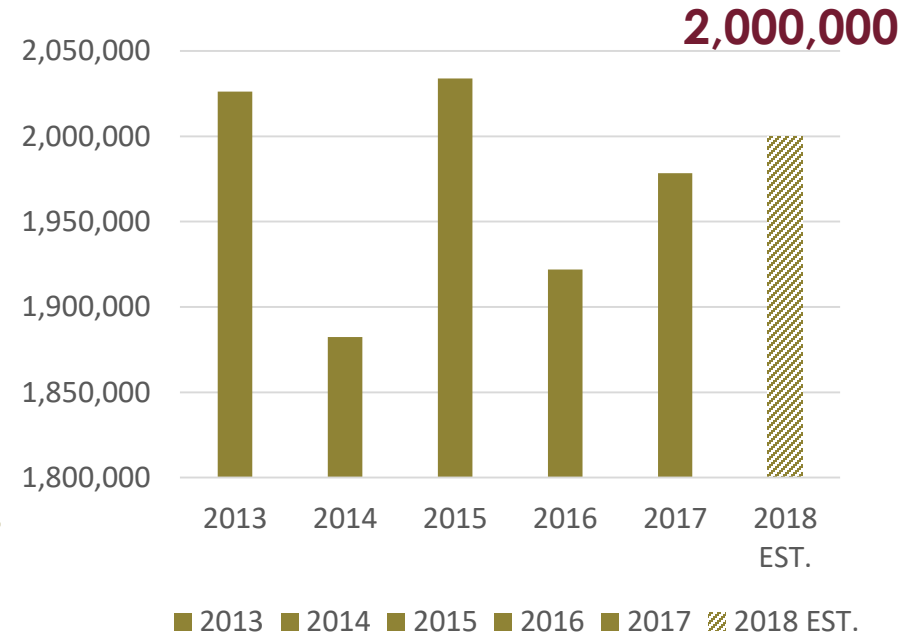
SOUTHERN INTERIOR

- HARVEST

- LATER THAN RECENT YEARS
- MILD WEATHER

- MARKET

- BETTER DEMAND FOR WHITES AND GENERICS
- VARIETAL REDS SLOW
- WHITE ZIN A CHALLENGE





KEY VARIETIES

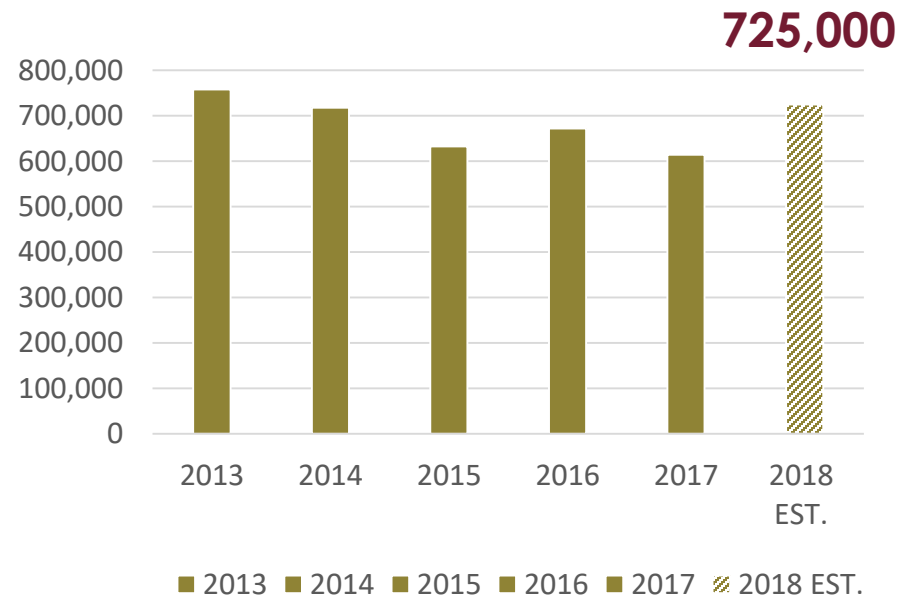
CHARDONNAY

- GRAPES

- YIELDS LOOK GOOD
- OVERAGES ON NORTH COAST
- MARKET RELATIVELY STRONG
- AGING VINES

- BULK WINE

- BALANCED INVENTORY
- MOSTLY COASTAL
- PRICE DROPPED BUT STABLE



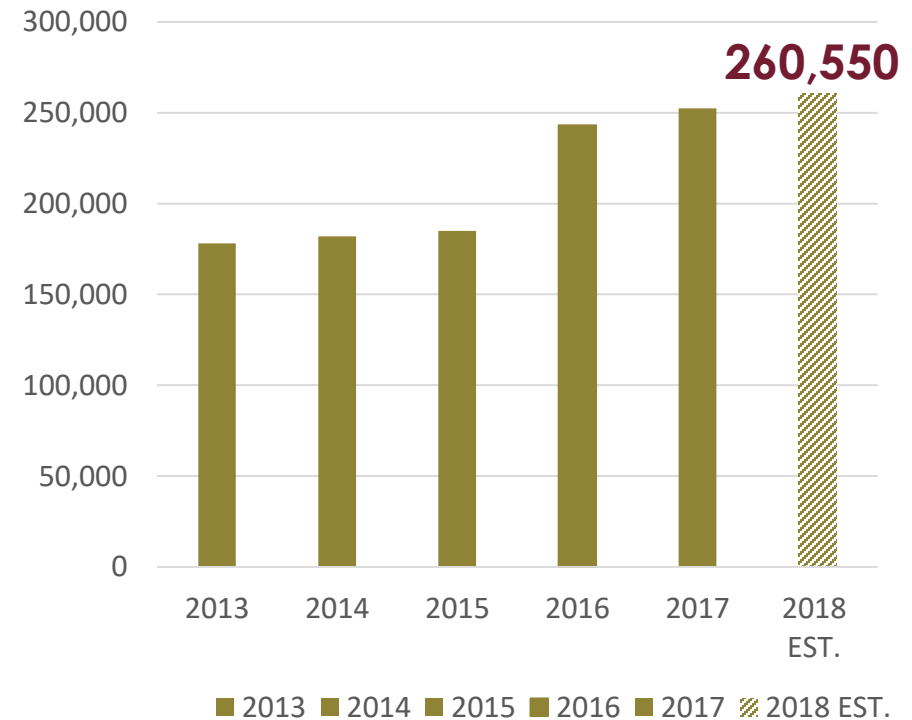
PINOT GRIGIO

- GRAPES

- PROBABLY RECORD CROP
- DEMAND SLOW FOR SPOT MARKET

- BULK WINE

- INVENTORY BALANCED
- ALMOST ALL CA APP
- MARKET SLOW; DECREASED PRICE



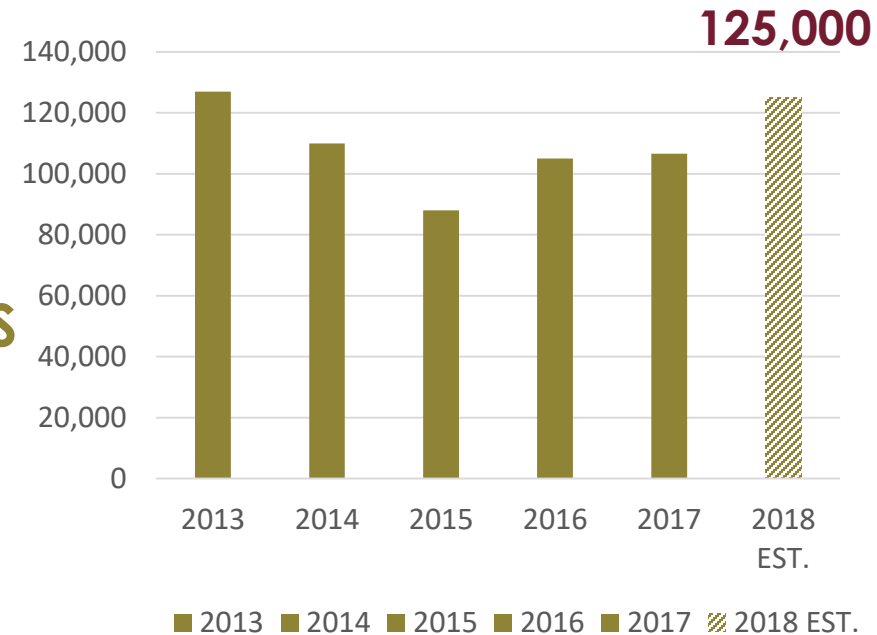
SAUVIGNON BLANC

- GRAPES

- ABOVE AVERAGE CROP
- GOOD MARKET DEMAND
- NEW PLANTINGS/GRAFTINGS

- BULK WINE

- COASTAL INVENTORIES
- DEMAND GOOD; STABLE
- MORE 2018 THAN 2017
ALREADY



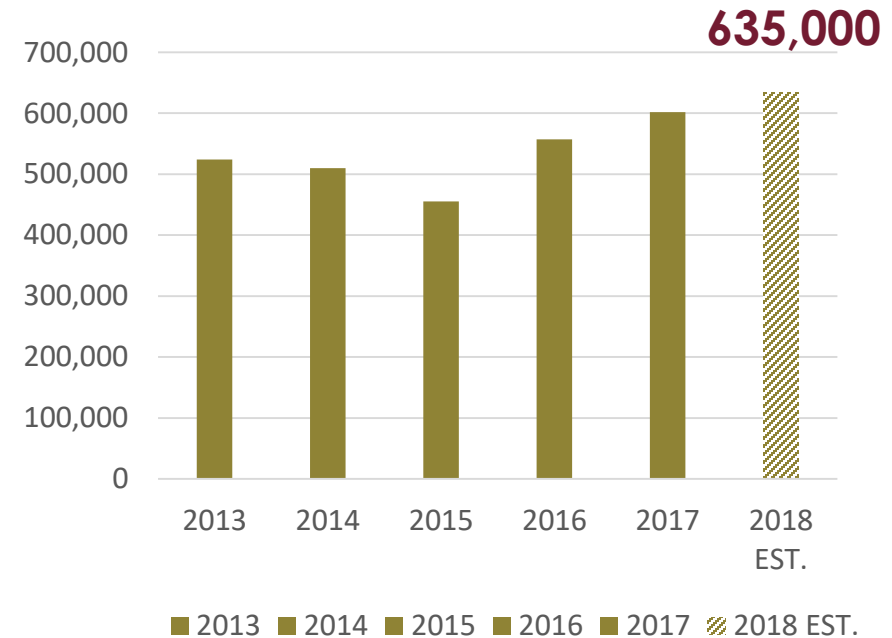
CABERNET SAUVIGNON

- GRAPES

- RECORD CROP
- ACREAGE MATURES
- NEW PLANTINGS PRODUCING
- DEMAND SLOWED

- BULK WINE

- LARGEST INVENTORY
- DEMAND AND PRICE DROP
- BIGGEST POTENTIAL FOR INVENTORY BACKUP



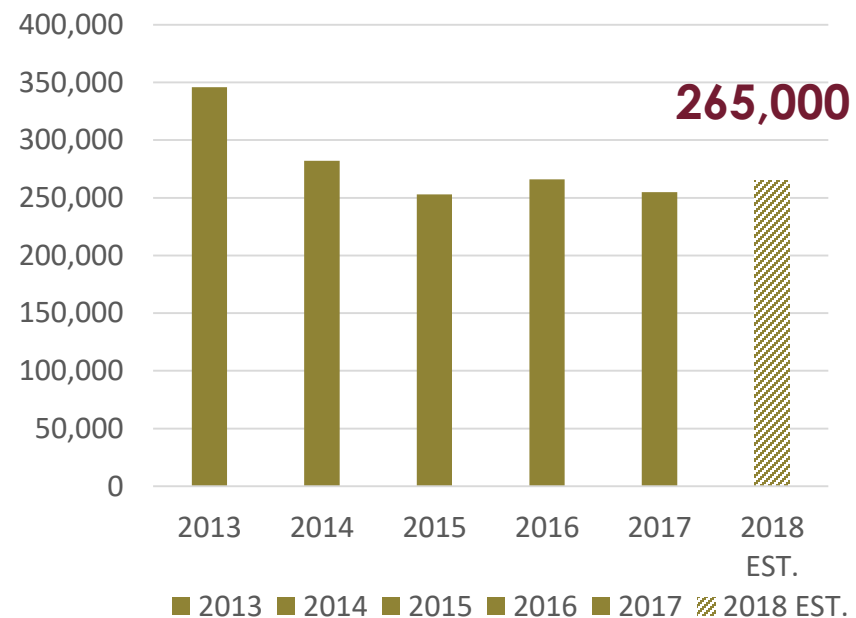
MERLOT

- GRAPES

- QUIET MARKET FOR VARIETAL PROGRAMS
- BEST CHOICE FOR BLENDS
- ACREAGE IN BALANCE

- BULK WINE

- SLOW DEMAND
- RELATIVELY IN BALANCE
- MOSTLY COASTAL



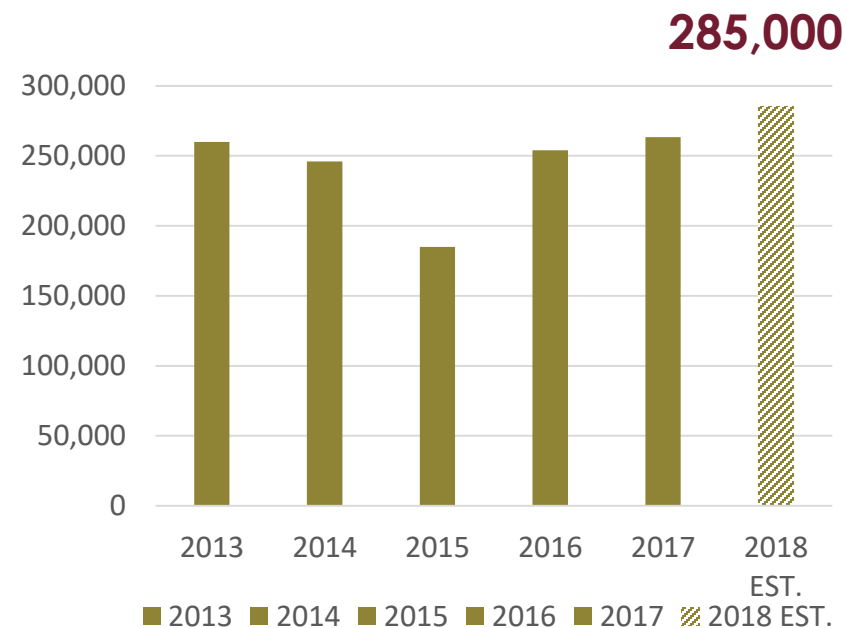
PINOT NOIR

- GRAPES

- BIG CROP IN ALL REGIONS PARTICULARLY NORTH COAST
- DEMAND DROP ON CENTRAL COAST

- BULK WINE

- INVENTORY WAS BALANCED
- 2018 WILL SEE LOWER PRICE
- ALMOST ALL COASTAL



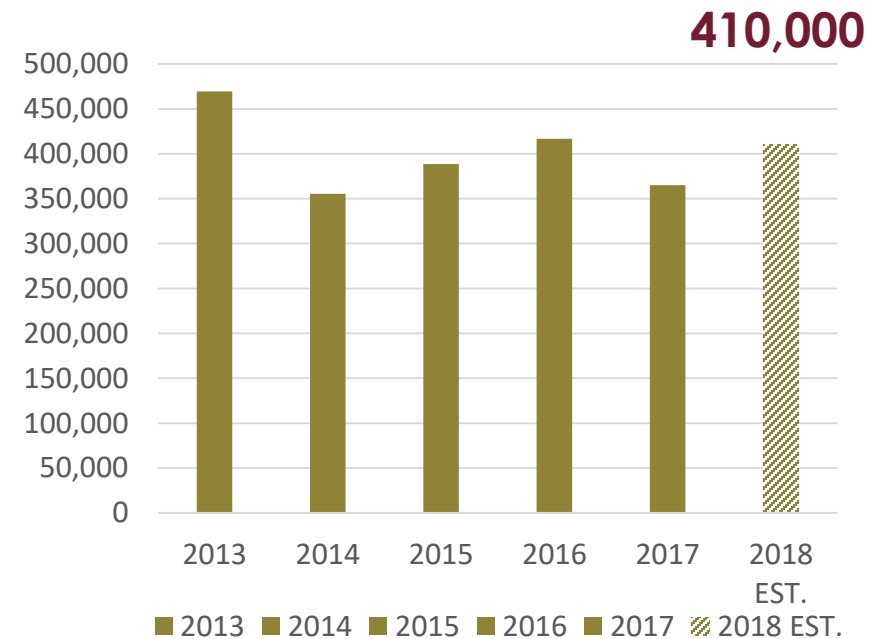
ZINFANDEL

- GRAPES

- SPOTTY YIELDS
- ACREAGE MATURES
- REMOVALS
- MARKET QUIET

- BULK WINE

- SLOW MOVEMENT
- MOST IS LODI APPELLATION





WINE SALES

USA SALES – 6 months ending June

OVERALL – DOWN

(-2%)

(LAST 12 MONTHS)

- DOMESTIC

(-1%) (-2.4 M/CASES)

- EXPORTS

(-13%) (-1.2 M/CASES)

- IMPORTS (6 months)

- CASEGOODS

(+1%) (+0.7 M/CASES)

- BULK

(-19%) (-3.8M/CASES)

End 2017 bulk exports +4M cases

- TOTAL US Market (YTD)

- IMPORT & DOMESTIC

(-0%) (-0.7 M/CASES)

- Coastal Warehouses

(-10%) (-1.1M/CASES)

2018 FIRST HALF - CA TABLE WINE VOLUME

Retail Price/ 750ml Eqv.	Price Segment		Volume Change	Volume Share		
Under \$4	Economy		- 5.5%	21%		
\$4 - \$7	Popular		- 5%	29.9%		
\$4 - \$7 – 3L	Popular (Box)		+ 13.1%	6.7%		
\$7 - \$9	Popular Plus		- 4.8%	10.6%		
\$9 - \$12	Premium		+ 1.9%	18.4%		
\$12 - \$15	Premium Plus		+ 7.6%	6.9%		
\$15 - \$20	Super Premium		+ 8.5%	4.2%		
Over \$20	Luxury		+ 8.5%	2.3%		

Source: Gomberg-Frederickson

BEVERAGE ALCOHOL TRENDS

TYPE	% SHARE	% CHANGE
BEER	47.9%	-2.7%
SPIRITS	34.0%	+2.7%
WINE	18.1%	+2.5%

- AGING BABY BOOMER
- WHAT DOES THE CANNABIS DO TO WINE

FOOD STORE PURCHASES

VARIETAL	% SHARE	% CHANGE
CHARDONNAY	20%	0%
CABERNET	15%	+3%
PINOT GRIGIO	10%	+4%
MERLOT	7%	- 6%
PINOT NOIR	6%	+7%
SAUVIGNON BLANC	5%	+8%
RED BLENDS	5%	+2%
MUSCAT	5%	+2%

CALIFORNIA MARKET SUMMARY

- OVERALL AN IDEAL SEASON IF GRAPES WERE CONTRACTED
- VERY CONSISTENT ALL YEAR – MARKET, WEATHER, TIMING
- SPOT GRAPE MARKET ACTIVITY VERY QUIET
- BULK WINE MARKET SOFTENED; INCREASED INVENTORIES
- HIGH QUALITY AROUND CA
- OPPORTUNITIES FOR NEW BRANDS

CIATTI REPORTS / PUBLICATIONS

- CALIFORNIA MARKET REPORT
- GLOBAL MARKET REPORT
- WWW.CIATTI.COM

THANK YOU FOR YOUR TIME AND
ATTENTION

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JOHN FEARLESS
CRAFT HOPS AND PROVISIONS