

# Moss Adams Wine Roundtable

## 2018 Harvest

NOVEMBER 15, 2018





# CIATTI

GLOBAL WINE & GRAPE BROKERS

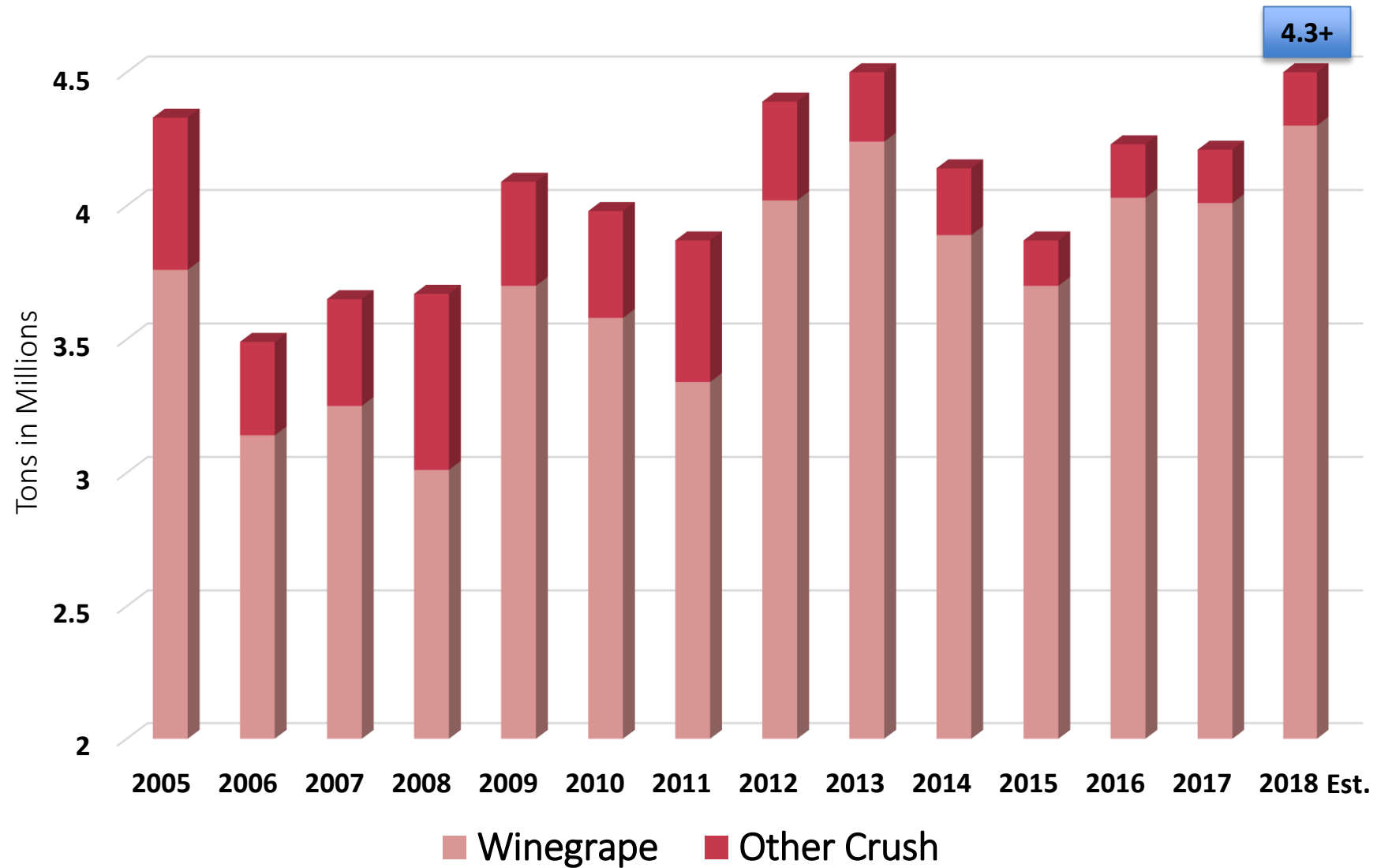
## 21 DEDICATED BROKERS IN 8 COUNTRIES



## GLOBALLY BASED TO BUILD YOUR BUSINESS WORLDWIDE

# CALIFORNIA

## STATEWIDE GRAPE CRUSH





# REGIONAL REVIEW

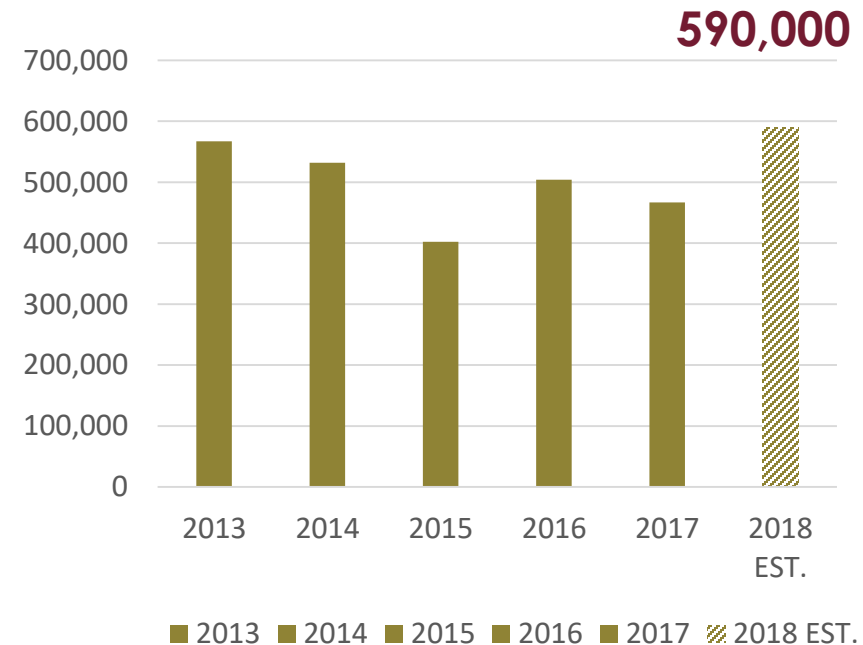
# NORTH COAST

## - HARVEST

- LATE AND COOL
- GRAPES SIZED UP
- MID SEASON RAIN
- FIRE CHALLENGES

## - MARKET

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



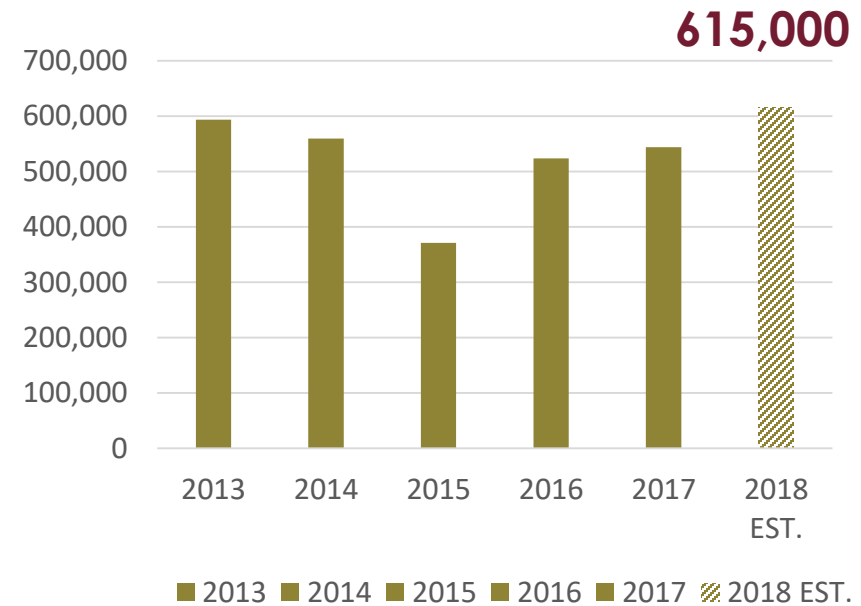
# CENTRAL COAST

## - HARVEST

- LATE CROP
- COOL WEATHER; TOO COOL?

## - MARKET

- SLOW MARKET, QUIET
- MARKET SUSCEPTIBLE WHEN CROP IS BIG (PASO ROBLES)
- TOO MUCH CAB PLANTED?



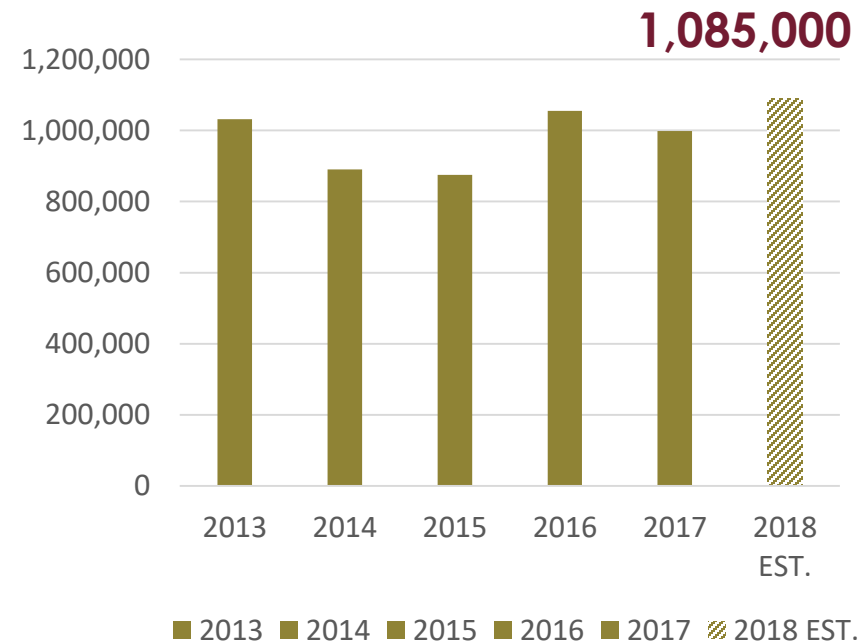
# NORTHERN INTERIOR

## - 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



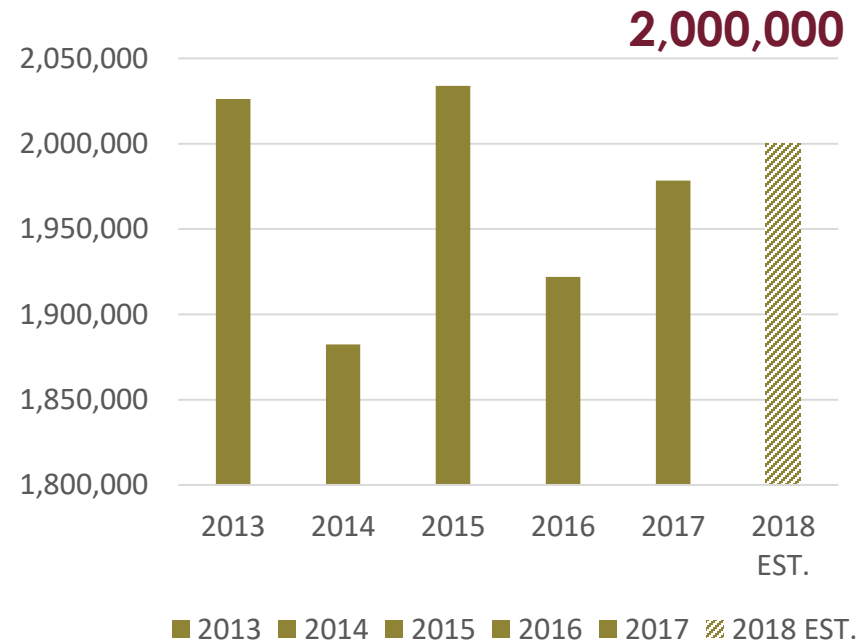
# SOUTHERN INTERIOR

## - HARVEST

- LATER THAN RECENT YEARS
- MILD WEATHER

## - MARKET

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







# WINE SALES

# USA SHIPMENTS – 6 months ending June

## TOTAL CA WINE

(LAST 6 MONTHS)

- DOMESTIC

(-2%) (-2.4M CASES)

- EXPORTS

(-1%) (-1.6M CASES)

(-13%) (-1.2M CASES)

## IMPORTS (6 months)

CASEGOODS

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

BULK

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

## TOTAL US Market (YTD)

- IMPORT & DOMESTIC

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

# CALIFORNIA MARKET SUMMARY

---

- HISTORIC 2018 CROP
- SPOT MARKET GRAPE ACTIVITY EXTREMELY QUIET
- BULK WINE MARKET HAS SOFTENED; INCREASED INVENTORIES (PRICES EXPECTED TO SOFTEN)
- CHALLENGING CASEGOOD SALES; COUPLED WITH BIG CROP
- OPPORTUNITIES FOR NEW BRANDS, NEGOTIANTS?

# CIATTI REPORTS / PUBLICATIONS

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

**THANK YOU FOR YOUR TIME AND ATTENTION**

GLENN PROCTOR  
[GLENN@CIATTI.COM](mailto:GLENN@CIATTI.COM)

415.458.5150

# 2018 FIRST HALF - CA TABLE WINE VOLUME

<b>Retail Price/ 750ml Eqv.</b>	<b>Volume Change</b>	<b>Volume Share</b>	<b>Value Share</b>
<b>UNDER \$4 - 5L</b>	<b>- 4.4%</b>	<b>10.1%</b>	<b>3.1%</b>
<b>UNDER \$4 - OTHER</b>	<b>- 6.9%</b>	<b>10.9%</b>	<b>4.9%</b>
<b>\$4 - \$7 – 1.5L</b>	<b>- 2.9%</b>	<b>15.3%</b>	<b>10.3%</b>
<b>\$4 - \$7 – 3L</b>	<b>+ 13.1%</b>	<b>6.7%</b>	<b>4.1%</b>
<b>\$4 - \$7 – OTHER</b>	<b>- 7.4%</b>	<b>14.6%</b>	<b>10.8%</b>
<b>\$7 - \$9</b>	<b>- 4.8%</b>	<b>10.6%</b>	<b>11.6%</b>
<b>\$9 - \$12</b>	<b>+ 1.9%</b>	<b>18.4%</b>	<b>25.2%</b>
<b>\$12 - \$15</b>	<b>+ 7.6%</b>	<b>6.9%</b>	<b>12.3%</b>
<b>\$15 - \$20</b>	<b>+ 8.5%</b>	<b>4.2%</b>	<b>9.5%</b>
<b>Over \$20</b>	<b>+ 8.5%</b>	<b>2.3%</b>	<b>8.2%</b>
<b>All Table Wines</b>	<b>- 0.2%</b>	<b>100.0%</b>	<b>100.0%</b>



# INTRODUCTION

- **CIATTI CO → 8 REGIONAL OFFICES  
WORLDWIDE**
  - **WINE, GRAPES, & CONCENTRATE, ETC**
  - **PROCESSING AND STORAGE**
- **GLOBAL PERSPECTIVE**
  - **WORLD APPROACH – LOCAL  
KNOWLEDGE**



# KEY VARIETIES



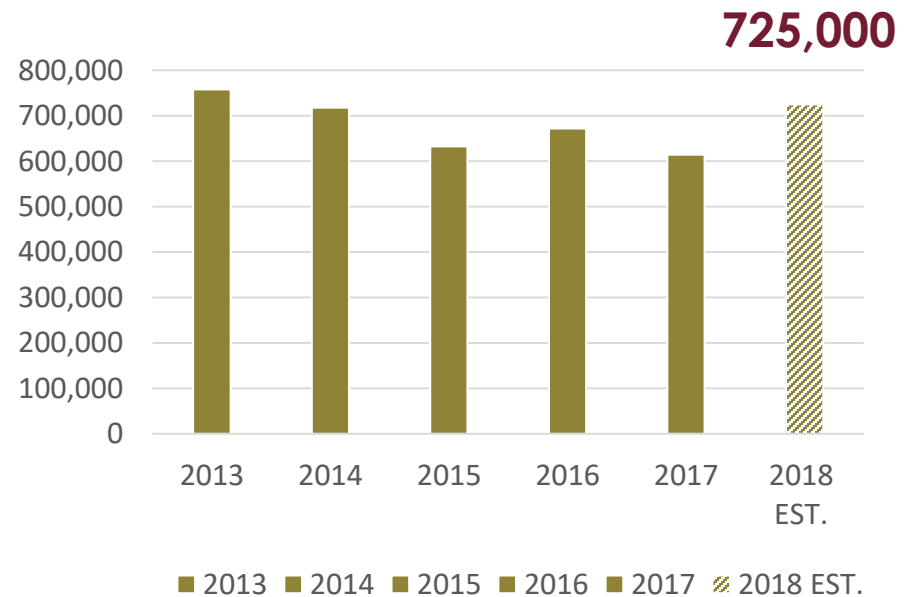
# CHARDONNAY

## - GRAPES

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

## - BULK WINE

- BALANCED INVENTORY
- MOSTLY COASTAL
- PRICE DROPPED BUT STABLE



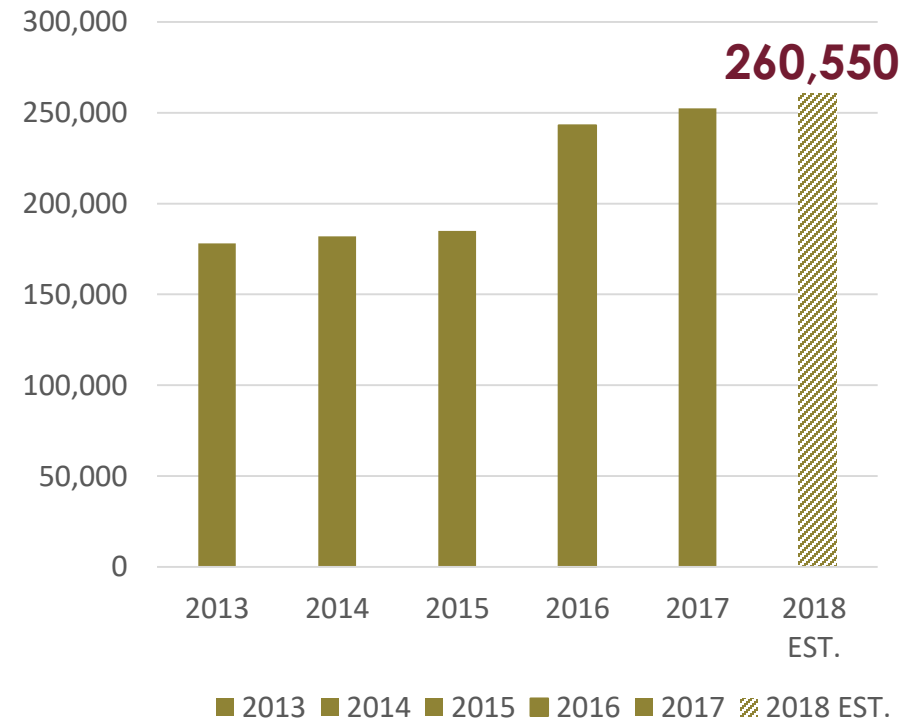
# PINOT GRIGIO

## - GRAPES

- PROBABLY RECORD CROP
- DEMAND SLOW FOR SPOT MARKET

## - BULK WINE

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



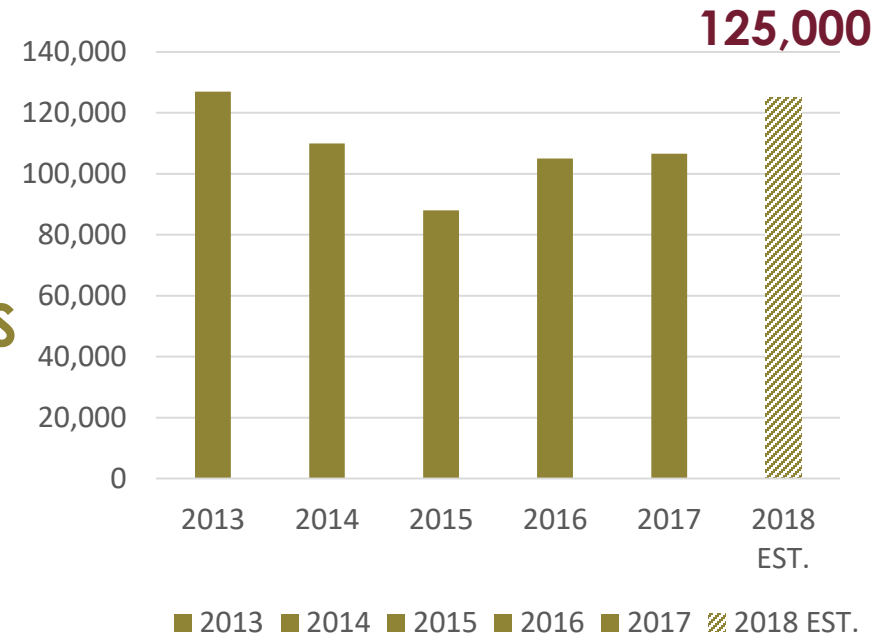
# SAUVIGNON BLANC

## - GRAPES

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

## - BULK WINE

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



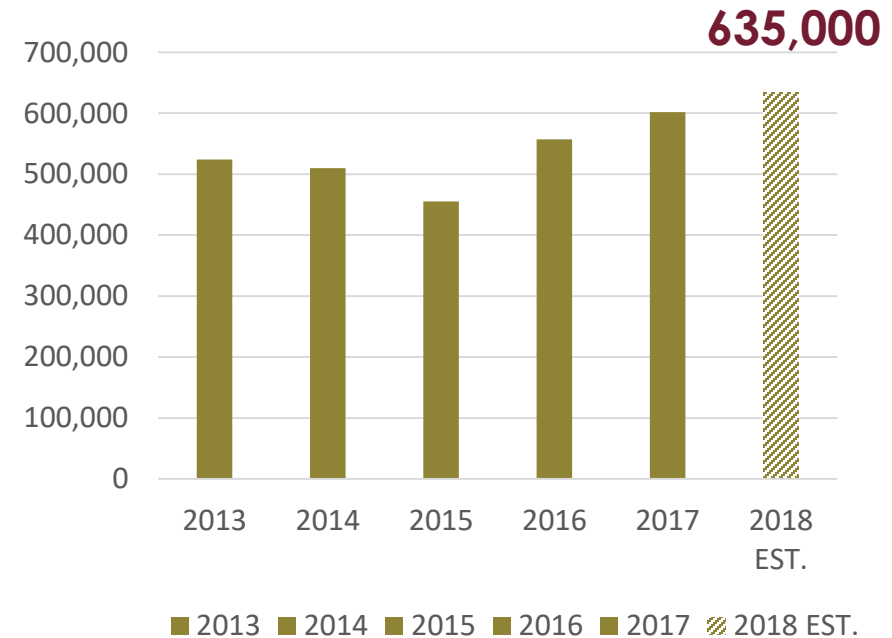
# CABERNET SAUVIGNON

## - GRAPES

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

## - BULK WINE

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



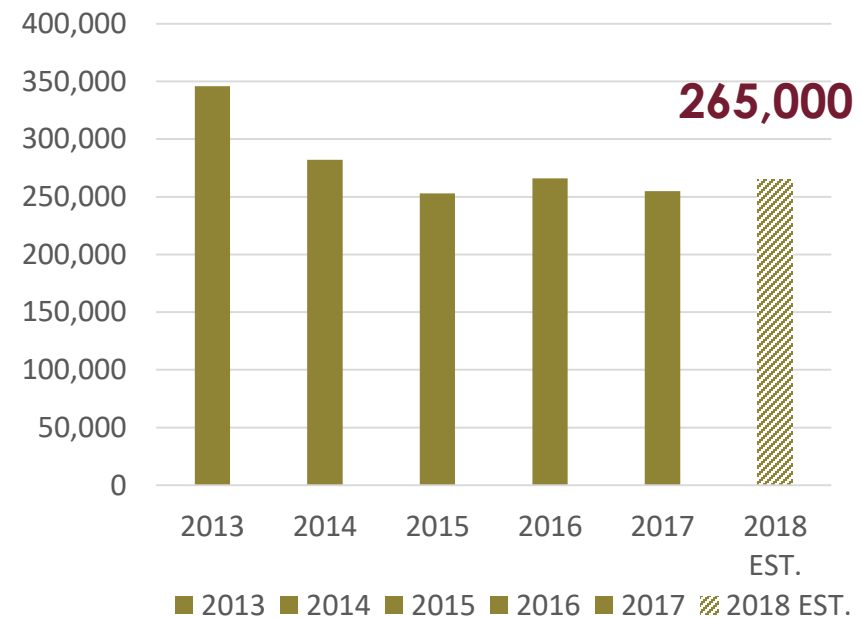
# MERLOT

## - GRAPES

- QUIET MARKET
- ACREAGE IN BALANCE

## - BULK WINE

- SLOW DEMAND
- RELATIVELY IN BALANCE
- MOSTLY COASTAL



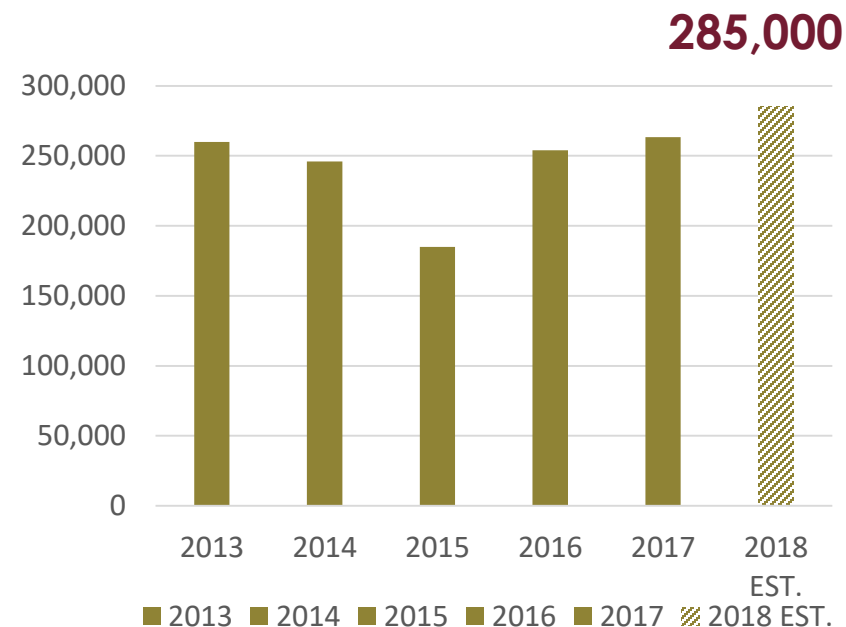
# PINOT NOIR

## - GRAPES

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

## - BULK WINE

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



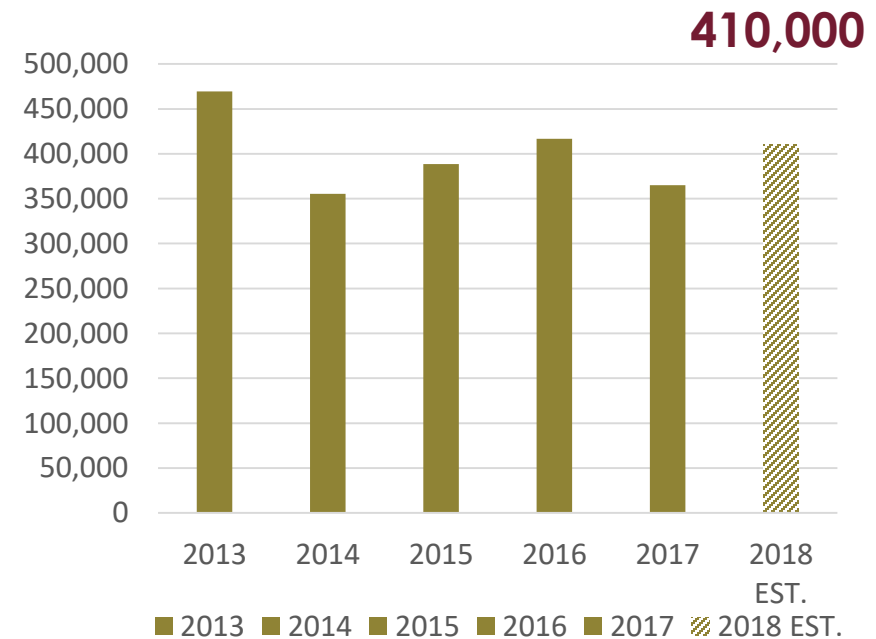
# ZINFANDEL

## - GRAPES

- SPOTTY YIELDS
- ACREAGE MATURES
- REMOVALS
- MARKET QUIET

## - BULK WINE

- SLOW MOVEMENT
- MOST IS LODI APPELLATION



# BEVERAGE ALCOHOL TRENDS

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



# 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%

# 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