This month we provide a brief update on how the 2019 harvest is faring. August temperatures in California’s growing areas were normal to normal-plus. The Central Valley experienced a heat spike mid-month – seven days of 100°F+ – and the Central Coast also saw some 100°F+ days. In the Coast, hot days have been eased by cooler nights, meaning very good conditions for ripening. The crop remains 10 days to two weeks behind a normal schedule.

We did not see the same level of berry-sizing in August as we did in the same month of last year, and clusters are not exhibiting the same tightness. That said, on the Coast the crop does not appear to be missing anything and buyers seeking specific grapes will be able to find them. In short, at this early stage, harvest 2019 is looking average to average-plus in size.

As we have previously reported, a relatively wet and humid growing year has led to some mildew pressure in small pockets across the state, not affecting whole blocks or vineyards. This has led to some fruit being rejected. In general, though, we expect a very good quality year.

In Lodi and the northern Central Valley, the mid-August heat sped up the Brix levels of the whites, sending growers into the vineyards to pick. This mid-August heat caused a similar situation in the southern Central Valley despite the harvest normally running slightly ahead there, because the crop there looks larger, slowing down ripening. Harvesting in the Valley is about 25-30% complete, with mostly whites being crushed.

As in the Central Valley, the warmer temperatures have caused a lot of varietals in the Central Coast to become ready at the same time, potentially creating some bottlenecks at the wineries. The varieties remain better separated in the North Coast. The Coast is approximately 5-10% through harvest. Read on for crush capacity and market updates.
Crush Capacity & Custom Crushing

As mentioned above, there is a concern that the harvest will become compacted in some areas and everything will be ready to crush at the same time, creating bottlenecks for crushing and fermentation even before the problem of locating storage.

A problem that growers are encountering – especially in the Central Coast where processing capacity is a little tighter than elsewhere – is finding crush capacity. Many wineries are reporting that their storage is full and they are worried about finding room for what they have already committed to crush; as such, they are not buying anything new. Others are saying they can accept more grapes but not until later in the season such as in October, no use for growers with fruit ready to pick now.

This lack of storage capacity is probably a sign that there is a lot of wine from last year’s large crop still being stored due to the ongoing slowness of the bulk wine market. Indeed, some wineries have been incentivising growers not to deliver all of their grapes.

As such, and as we have stated in recent reports, growers will need to carefully evaluate the pros and cons of custom crushing any uncontracted grapes. There is a likelihood that this year we will see some grapes left on the vine.

The Grape & Bulk Wine Markets

There has been some very limited activity on the grape market, largely buyers assessing their options rather than making decisions. Where deals are done, it is mainly buyers who are picking a little light and simply buying additional fruit from their existing growers, not activity on the open market.

Any activity that does occur on the open market is likely to be on very specific grapes, and/or pretty tough in price from a seller’s point of view. It is also unlikely to be early: as the harvest proceeds, wineries will be assessing their crush capacity, comparing it against the grapes they have already bought, working out if there is room for more and what sort of price they would have to pay. Buying is thus more likely to take place towards the mid to later part of the season.

The bulk wine market remains slow, though there is a continuing low level of activity. The Napa Valley Merlot market, for example, is balanced and pricing is holding up – get in touch if you have Napa Valley Merlot to sell (buyers and sellers should refer to our opportunities grids on page one). The price expectations of the buyers and sellers too often remain too far apart for deals to be made – with sellers accepting that it is a tough market for them but holding out for what they see as a fair price, and buyers expecting to get the wine at any price they name. Buyers are very wary of overpaying for wines in the present market, where prices have fallen and competitors may have discovered an even better deal.
Hot Opps Box

**Bulk wine** pricing is at its lowest in five years and trending downward, with some price parity between Coastal and Central Valley wines – with Coastal wines cheaper in some instances. Now is a great time for buyers to step into the market and secure the wine they need, either on spot or contract. There is the ability to buy or even contract out bulk wine for longer periods at more realistic pricing. We have large amounts of very good quality bulk wines available. There continue to be particular opportunities on 2017 and 2018 Cabernet and other reds – including Pinot Noir – from premium markets in the North and Central Coasts.

It is also an opportune time to secure 2019 grapes and beyond on multi-year, amenably-priced contracts. If you're thinking about buying grapes, or if you have grapes available for sale this year, **Molly at +1 415 630 2416 or molly@ciatti.com** to get listed.
Contact Us:
201 Alameda Del Prado #101
Novato, CA 94949
Phone (415) 458-5150

Chris Welch
T. +415 298-8316
E. chris@ciatti.com

Glenn Proctor
T. +707 337-0609
E. glenn@ciatti.com

Greg Livengood
T. +415 497-5032
E. greg@ciatti.com

Jed Lucey
T. +415 630-2431
E. jed@ciatti.com

John Ciatti
T. +707 264-0762
E. john@ciatti.com

John White
T. +415 250-0685
E. johnw@ciatti.com

Johnny Leonardo
T. +415 717-4438
E. johnny@ciatti.com

John Fearless CO.
Craft Hops & Provisions
CEO - Rob Bolch
Sales - Geoff Eiter
Purveyor of Quality Used Oak Barrels - Raymond Willmers
T. +1 800 288 5056
E. rob@johnfearless.com
E. geoff@johnfearless.com
E. raymond@johnfearless.com
www.johnfearless.com

To sign up to receive the monthly Global Market Report & California Report, please email info@ciatti.com

DISCLAIMER
Whilst we have tried to ensure the accuracy and completeness of the contents of the California Report, Ciatti cannot offer any undertaking, warranty or guarantee, either expressly or implicitly, including liability towards third parties, regarding how correct, complete or up to date the contents of the California Report is. We reserve the right to supplement or to change or delete any information contained or views expressed in the California Report.

Where we have provided links to third party websites for further information, you should be aware that we are not responsible for the accuracy, availability or functionality of these sites, and thus cannot be held liable, directly or indirectly, for any loss however caused by your use of these linked sites.

Ciatti accepts no liability for any loss or damage howsoever arising out of the use of, or reliance on, the content of the California Report.