



CIATTI
GLOBAL WINE & GRAPE BROKERS



California Report

September 2019
Volume 2, Issue No. 9

**Ciatti Global Wine
& Grape Brokers**

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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 varieties 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.

Robert Selby

Opportunities for Buyers		Opportunities for Sellers	
Bulk Wine	Grapes	Bulk Wine	Grapes
17 & 18 CS All Appellations	CS Napa Valley/Alex Valley/North and Central Coast	Non Vintage Red and Whites at \$.50 to 1.50 per gallon	Merlot Napa Valley
18 Pinot Noir Coastal	PN RRV/Sonoma Coast	17 & 18 Merlot Napa Valley	Unique Varietals
18 Chardonnay Coastal	CH Sonoma		
	ZN Lodi/North Coast/Sonoma		

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.

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