

MARKET



UPDATE

Bill Turrentine - Editor

Vol 14, No. 5 July 2, 2002

Copyright 2002 Turrentine Wine Brokerage – Strategy, Action, Profit!

Confidential - For the exclusive use of clients of Turrentine Wine Brokerage

COUNTDOWN TO CRUSH

Rumor has it that the bulk market is dead. Rumor is wrong. In fact, we sold more than a million gallons in June. Of course, the bulk market is tough. There were some big lots of white wine that went at \$.50 per gallon. On the other hand, 2,190 gallons of exceptional Napa Valley Merlot defined the top of the market at \$21.00 per gallon.

This huge spread in price and volume demonstrates the two almost opposite trends that have shaped the bulk wine market. First of all, many brands have postponed purchases until the last possible moment in order to conserve cash and make sure they had firm orders. Now they are scrambling to get their blends completed and in the bottle before harvest. These buyers are feeding brands that sell for \$7.00 per bottle or more and they must find very good wine to stay competitive in a difficult market. On the other hand, there are millions of gallons of bulk wine, much of it average in quality, looking for a new home. Some of these wines have been on the market for nearly a year and others for nearly two years and many have never even had a single offer. The sellers must now accept very low prices – and there are not always buyers even at very low prices – or they must tie up capital and use expensive tank space through harvest to store wines of little value.

While the bulk market picked up pace in June, the grape market slowed down. The months of March, April and May were cherry-picking time in the grape game. Several brands purchased selected lots of high-end fruit from Napa and Sonoma and, to a lesser extent, from other coastal regions. In the month of June, this effort mostly shifted into low gear. We still moved some Sauvignon Blanc. We sold some top end Napa and Sonoma reds. We had a little action in Lodi on Merlot and Syrah. In fact, we sold almost a 1,000 tons of fruit in June, including some Paso Robles Petite Sirah at \$1,200, Napa Carneros Pinot Noir at \$2,100, Napa Syrah at \$2,300, Napa Merlot at \$2,450, and some extraordinary Sonoma hillside Cabernet Sauvignon and Syrah at \$2,500. We even sold 60 tons of Chardonnay, currently the state's toughest variety to move, at \$2,100 per ton. It helps to come from the Napa portion of the Carneros district. But overall, as the countdown to crush begins, the grape market is slow. Buyers are trying to get a handle on crop size and are waiting for the most recent numbers from marketing.

WineVision: EPISODE THREE

WineVision's July 11th annual meeting may be the galactic event of the season. You already know about Australian Paul van der Lee. And you are well aware of the fact that the Australian wine business has doubled four

TURRENTINE WINE BROKERAGE, 122 TUNSTEAD AVENUE, SAN ANSELMO, CA 94960-2622
PHONE: (415) 454-4546 FAX: (415) 454-9665 WEBSITE: GRAPES-WINE.COM

times since they instituted the strategic plan he was instrumental in developing. The insights of Mr. Van der Lee alone should be worth the trip to Napa Valley. But Willard Bishop is also a great draw. At least Coca Cola, Albertsons, Hershey, Safeway and many other major consumer product producers, distributors and retailers pay him big bucks for his consulting services. Nuffer, Smith, Tucker, a well-known strategic planning firm, is introducing Wine Foresight, a new strategic planning tool, at the meeting. Odyssey Group, which has been doing wine consumer research for years, is going to reveal some of their key findings. And David Sloane, formerly senior vice president, government affairs, for the powerful Wine and Spirit Wholesalers of America and now - in a radical switch - president of the American Vintners Association, is going to share his fascinating perspective and plans. John DeLuca, one of the best speakers and thinkers in or out of the wine community, is going to reflect on the challenge of putting consumers first as well as the meaning of sustainability for the wine business. And that is not all: the Slow Food movement, Karen Ross, Kari Birdseye, Paul Dolan, David Freed, Jerry Lohr, John Gillespie, Agustin Huneeus, Rich Cartiere, Biltmore Estate, Society of Wine Educators, WineAnswers.com, Wine Brats, WineSpirit, Women for Wine Sense and ZAP will also contribute. If you don't get some valuable ideas for your business out of this meeting, it could only be because you were not there. Call 707.255.9222 or surf the web to www.winevision.org for information and registration.

CROP CONTEST

This year may be your year for the Turrentine crop prediction contest. You can be scientific. You can be astrological. You can just make a wild guess. And Mother Nature will treat you just the same. E-mail subscribers will find the contest attached. Fax and mail subscribers can call, fax or e-mail us for a contest form. Or pick it up from our website: www.grapes-wine.com. All entries must be in by August 9th. Good wine and great fame await the winners. 20 chances to win and it's easy. Give it a try.

MARKET OPPORTUNITIES

We've got grapes. We've got wine. Lots of grapes and lots of wine. But we also have selected lots of exceptional quality. Let us know what you need. And also what you want to sell. Check out our website: www.grapes-wine.com, which lists all available grapes and bulk wine.

Needed: 22 ton lots of the following varieties (prefer mature vineyards from the North Coast): Cabernet Franc, Sauvignon Blanc, Merlot and Pinot Noir.

Needed: Chardonnay 2001, low alcohol lots, 20,000 gallons.

Needed: Old vine Carignane grapes, one to two loads.

Needed: White Riesling grapes, all appellations.

Needed: Zinfandel wine, 2001, need lots of bright fruit, 12,000 gallons.

Needed: Sauvignon Blanc grapes, all regions.

Needed: Chardonnay grapes, Carneros district.

Needed: Close-out case goods of all kinds.

Available: Sonoma County grapes: Marsanne 7 tons, Viognier 25 tons, Zinfandel 15 tons, Barbera 5 tons and Syrah 19 tons.

Available: Two loads of 2002 Pinot Grigio unfermented juice, Central Valley.

Available: Primitivo, Paso Robles grapes, 10 tons.

Available: Livermore grapes: Barbera 50 tons, Syrah Noir 25 tons, Syrah 10 tons, Tempranillo 12 tons.

Available: Port, Sonoma County, 1,268 gallons. Other small lots of premium port also available.

Available: Port varieties from Lodi: Touriga, Alvarelhao, Bastardo, Souza.

Available: Sauvignon Blanc, SLO, 200+ tons.

Available: Stainless steel storage for rent through harvest.