



CIATTI
GLOBAL WINE & GRAPE BROKERS



California Report

November 2023
Volume 6, Issue No. 11

**Ciatti Global Wine
& Grape Brokers**

201 Alameda del Prado, Suite 101
Novato, CA 94949
Phone (415) 458-5150



November 2023

Volume 6, Issue No. 11

- 3 The Bulk Market
- 4 The Grape Market
- 5 Contacts

Reading online?
Use the links above
to jump through this
document.

No part of this publication may be reproduced or transmitted in any form by any means without the written permission of Ciatti Company.

The 2023 harvest – one of the latest we have seen in a number of years – has belatedly entered its final stretch. Picking in the North Coast and Interior is now all but complete; in the Central Coast it has another few days left to run. Slower ripening amid a cooler and wetter than normal growing season, plus some sizing-up through September, led to a compressed harvest in October; wineries had work to do finding crush and storage capacity with everything all coming in at a similar time..

September's sizing nudged up the crop potential and the subsequent weeks brought no major weather issues: There was some helpful heat, and while there were periods of rain, significant rainfall held off. Consequently, the harvest window remained open and all contracted grapes could get picked. The state-wide crop potential likely rose from approximately 3.8 million tons in August to something like 4.1 million by the end of October. But a significant number of rejections amid high fungus pressure and rot, quantities of unsold fruit left hanging, and some overages failing to find a home, are likely to have dragged back what was actually crushed to something more like 3.5-3.6 million tons. This remains a very tentative estimate, given all the aforementioned variable factors.

The longer hangtimes for the white grapes and earlier reds are believed to have been beneficial to their quality. We continue to hear positive comments regarding the wine being made for the 2023 vintage and we will know more as samples come in and approval tastings get underway.

Quantitatively, Chardonnay seems to have benefitted most from the sizing and hangtime and has continued to be picked well into the back-end of harvest; some wineries began turning Chardonnay and other white grapes away so that they could finally begin pressing the reds. Chardonnay output in the Interior and Central Coast appeared to be on the larger side, so too Sauvignon Blanc in the Interior. Northern Interior areas hit hard by frost in 2022 – mainly producing Chardonnay, Sauvignon Blanc and Pinot Noir – appear to have bounced back strongly this year; Zinfandel and Cabernet tonnages, meanwhile, seem to have sized less but still came in above average.

We have started to see a return to the pre-pandemic dynamic of some Coastal wines and grapes selling at – or even below – California pricing. While this will ultimately be good news for wine consumers and attempts to bolster their numbers, the industry can appreciate it will be tough for suppliers, especially with the burden of current interest rates and costs of goods sold. But operators – buyers and sellers alike – are best able to realise opportunities when they accept the reality of the market in front of them, however far removed it may be from their ideal, and we continue to believe there are opportunities in this market.

And – whisper it – there have been faint rumblings in recent weeks of better wine sales numbers. Few would be bold enough to make predictions about OND sales now, let alone what 2024 will bring: Only time will tell. In the meantime, for the most up to the minute information, get in touch with Ciatti directly – the broker team can draw on its many decades of experience to help guide buyers and sellers through this time of flux.

Robert Selby

The Bulk Market

Due to the late end to the 2023 harvest, we expect the bulk market to be quiet while crush is completed, wineries assess what has been brought in, and sample approvals get underway. Buyers will also be keeping one eye on wine’s OND sales: There is a feeling that sales may be stabilizing somewhat as distributors near the end of the inventories they accrued during the pandemic. Indeed, we are hearing a few wineries say their October sales were a little better than previous months. The good-sized 2023 crop makes it likelier that we will see a continuation – and possibly expansion of – just-in-time buyer behaviour, with buyers covering themselves incrementally so as not to hold too much inventory, confident in speculating that pricing may trend downward or at least not tick up enough to offset the benefit of buying later.

Softer bulk wine prices may stimulate some negotiant activity, which has been quiet for the past two years. The 2023 wines, in general, may have a lower cost to them, given the pressures we have seen on the market. This will provide scope for negociants to work on lines with retailers and – in turn – for retailers to try to tempt consumers back with good-quality private and control label wines at lower prices. There may be some Coastal bulk wines available at or below traditional California pricing, and opportunities for buyers to produce high-quality California blends from Coastal and Interior wines.

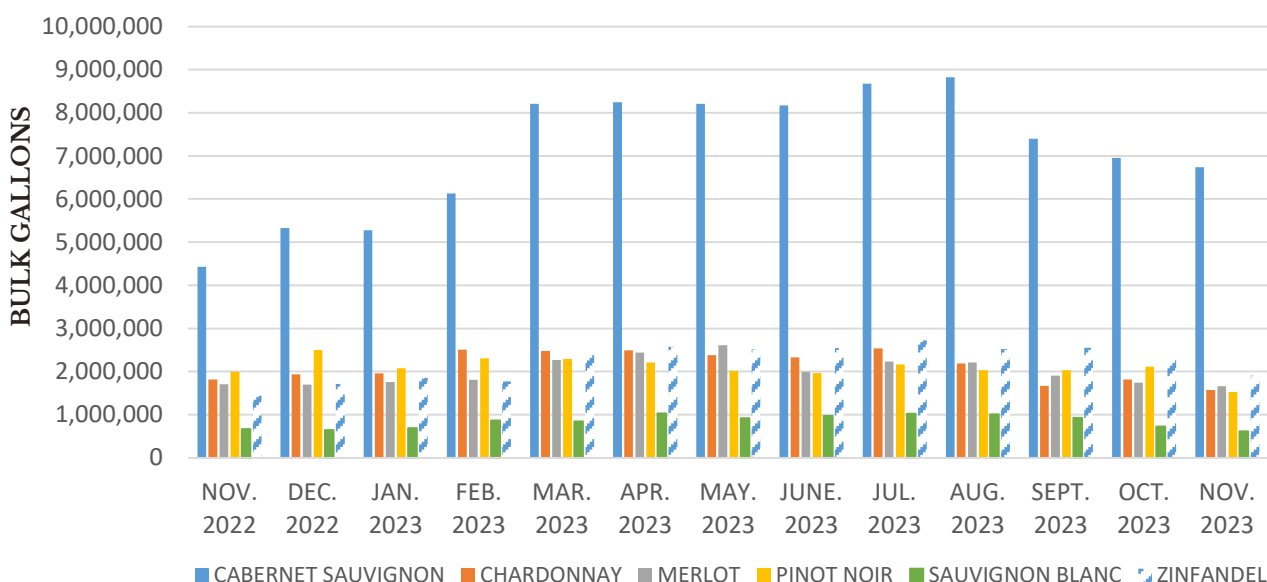
Inquiries are being made into 2023 vintage whites – Chardonnay, Sauvignon Blanc, Pinot Grigio – across

the state. The number of inquiries at this stage, especially in the Interior, is perhaps surprising given the expectation of a good-sized white grape crop, although Pinot Grigio is believed to have suffered from rot issues in some areas. This relatively early interest is perhaps evidence that some wineries may have chosen to avoid the grape market altogether this year and moved straight to sourcing bulk wines instead. Other buyers with strong-performing brands may have been proceeding with lean inventories and now require top-up volumes. Given the good early interest in 2023 whites, it is imperative suppliers list with us what they have available and – when they are ready – send in their samples.

On the reds, Napa Valley Cabernet has continued to possess some demand strength but moving it is not as easy as it was earlier in the year. Some additional 2022 Cabernet is becoming available: Pricing on it will be at least partly determined by the amount of availability coming from the 2023 crop. Across the state, there may be some activity on 2022 Cabernet and other reds as buyers finally come in to resupply, having held off while they speculated on price or having taken a little time to work through their stock. If better sales are now drawing down distributor inventories, some buyers may need to move in to secure 2022 Cabernet volumes to bridge the gap to the 2023 vintage.

Please contact either Mark at +1 415 630 2548 / mark@ciatti.com or Michael at +1 415 630 2541 / michael@ciatti.com to get your wine listed with us.

California Bulk Wine Inventory (November 2022 - November 2023)



The Grape Market

Grape overages have been popping up because of the larger than expected crop and the fact that – this year – many wineries are unable or unwilling to take excess fruit. Some wineries did take overages but they were selective and pricing was challenging from a grower’s perspective. The compacted picking period also obstructed the ability of wineries to consider, and crush, extra grapes, as accommodating and pressing the contracted grapes took priority.

The spot activity that has occurred has mainly done so on the Coast, on Napa Cabernet, Russian River Chardonnay and Pinot Noir, on small lots of other North Coast Chardonnay, and on an assortment of small lots of other varieties. These deals have mainly been completed at clean-up prices. Some sellers are content to accept such prices, especially if they are simply selling overage; others are choosing to crush their grapes themselves and take their chances on the bulk market. What best to do with unsold grapes remains unclear, with so many factors at play: It is very hard to foresee where the bulk market will be in 6-18 months’ time.

Some Interior wineries, having completed the main part of their own harvest, have been present in the Central Coast, opportunistically seeking overages or

unsold fruit, often offering clean-up prices covering only picking and delivery. With harvesting in the Central Coast ongoing into mid-November, many growers there are still assessing what they are short and/or long on. Central Coast Chardonnay has appeared big, and indeed the delayed and prolonged pick forced some wineries to stop taking whites so they could finally focus their presses on the red grapes. The Central Coast’s Pinot Noir has also felt long, although this may simply be due to a dearth of buyer interest. Meanwhile, on the Interior’s own grape market, activity has been minimal, with availability struggling to gain any traction even at very low pricing.

With the 2023 harvest still in its final throes and wineries focused on completing crush, no one is yet to signal interest in 2024 fruit. But we already sense growers are now fully aware of the level of choice grape buyers will enjoy moving forward, at least in the near-term. They are open to working with wineries to develop strategies and efficiencies that will allow them to sell their grapes at prices that better meet the current market dynamics.

Please update us on the grapes you will have for sale for 2023 by contacting Molly at +1 415 630 2416 or molly@ciatti.com.

Events

Ciatti brokers will be attending and will have a booth at these upcoming events:

- **November 30:** WinExpo Tradeshow & Conference, Ciatti Partners Greg Livengood, Glenn Proctor, & Todd Azevedo will be speaking



Contact Us : 201 Alameda Del Prado #101
Novato, CA 94949
Phone (415) 458-5150

Chris Welch

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

John White

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

Todd Azevedo

T. +415 265-6943
E. todd@ciatti.com

Glenn Proctor

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

Steve Dorfman

T. +707 321-3843
E. steve@ciatti.com

Dennis Schrapp

T. +905 688-1340
E. dennis@ciatticanada.com

Greg Livengood

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

Johnny Leonardo

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

Michael Fung

T. +415 630-2541
E. michael@ciatti.com

Jed Lucey

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

Mark Ishimaru

T. +415 630-2548
E. mark@ciatti.com

Molly Richardson

T. +415 630-2416
E. molly@ciatti.com

John Fearless CO. Craft Hops & Provisions

CEO - Rob Bolch
Sales - Thomas Gilbert
T. +1 800 288 5056
E. rob@johnfearless.com
E. thomas@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.