



CIATTI

GLOBAL WINE & GRAPE BROKERS

FOR IMMEDIATE RELEASE

2020 California Winegrape Crushed 3,404,298 Tons

(February 10, 2021, Novato, CA) – The California Department of Food and Agriculture Preliminary Grape Crush Report for 2020 was released today. This harvest was much smaller than average, but from a volume perspective it was in line with the Ciatti Company’s pre-harvest estimate. That said, this may be the most challenging crush report to analyze. Total tons were down but that was due to both Mother Nature’s lighter yields and issues of smoke exposure that plagued most of the entire Coastal regions where an unknown amount of the crop didn’t get picked. Trying to discern how each of these issues affected the final tons that crossed scales is a question that will drive future discussions in this market place. Those same issues could be examined when analyzing the pricing we see in this report. Pricing was down across the board. Mostly we feel that was due to a sluggish to nonexistent Coastal spot grape market in early 2020. But also, to a lesser extent, that was due to the lower prices we saw during a secondary Coastal grape market that emerged where grape prices were being discounted after the fires hit. What we do know is that the entire market is back closer to balance than we’ve seen in recent memory. This has spurred early grape buying activity in the Central Valley for all major varieties and early grape buying discussions in the Coastal regions.

Ciatti’s experienced brokers will be available for further details, comments & analysis on the 2020 California Grape Crush Report. Please call 415-458-5150.

 CIATTI GLOBAL WINE & GRAPE BROKERS	2019 Tons	2020 Tons	19-20% Δ	2019 Prices	2020 Prices	19-20% Δ
Red Wine	2,157,061	1,813,963	-15.9%	\$1,021	\$791	-22.5%
White Wine	1,762,085	1,590,334	-9.7%	\$601	\$555	-7.7%
Chardonnay	642,067	538,552	-16.1%	\$939	\$828	-11.8%
Pinot Gris	246,925	218,326	-11.6%	\$526	\$527	0.3%
Riesling	34,029	30,303	-11.0%	\$681	\$698	2.5%
Sauvignon Blanc	120,522	125,245	3.9%	\$1,101	\$901	-18.2%
Cabernet Sauvignon	580,945	498,975	-14.1%	\$1,767	\$1,231	-30.4%
Merlot	220,440	167,306	-24.1%	\$800	\$658	-17.7%
Petite Sirah	98,594	85,577	-13.2%	\$967	\$818	-15.5%
Pinot Noir	266,815	211,194	-20.8%	\$1,880	\$1,208	-35.8%
Syrah	82,846	72,115	-13.0%	\$861	\$747	-13.2%
Zinfandel	349,061	297,726	-14.7%	\$621	\$584	-6.0%
Totals Statewide	3,919,146	3,404,298	-13.1%	\$831	\$680	-18.1%

The severity of the downturn in statewide **Cabernet Sauvignon** pricing came as a little bit of a surprise. Given that the pricing impact was more pronounced on the coast than in the San Joaquin Valley, we believe that the impact of the summer wildfires strongly contributed to the lower than expected results. While yield seemed to be down across the board, the harvest volume numbers seem to reflect that a higher percentage of Cabernet Sauvignon grapes were either unpicked, or re-sold at a discount, in the areas perceived to be most affected by smoke from wildfires. In addition to the issues derived from the smoke events, the grape market was already depressed, as Cabernet did not perform well over the previous eighteen months. We experienced a somewhat oversupplied Cabernet bulk market, and some Cabernet grapes were left unpicked in 2019, due to lack of demand. The combination of the large smoke events, and negative market conditions, seem to have pushed Cabernet grape pricing down further than anticipated.

Once it became apparent that smoke from the summer wildfires would negatively impact the coming grape harvest, the Cabernet bulk wine market immediately increased in activity and price. (Statewide) At the

same time that the Cabernet grape market price was falling in most of the North Coast regions, prices were dramatically increasing in that same area for 2018 and 2019 Vintage Cabernet bulk wine. Therefore, when speaking about Cabernet Sauvignon, clearly the perception and reality of smoke damage played a major role in both downward grape pricing and the large increase in bulk wine pricing. – **Greg Livengood**

Chardonnay the top winegrape varietal in the state, came in very light for the 2020 harvest. There was a state total of 538,500 tons, down drastically (-16%), and down significantly for a second consecutive year in volume, and down by -12% in price per ton compared with last year.

Regional differences showed that yields were notably down in the premium Coastal districts of Sonoma (-34%), Napa (-35%) and Monterey (-9%), and again down in Lodi (-23%) and Clarksburg (-16%) regions in the Central Valley but in the Southern Interior Valley tonnage was mixed with Modesto up (+10%) and Fresno (-9%) to Bakersfield (-23%) down.

Changes in pricing for Chardonnay were overall slightly down. There were notable drops in value of Coastal Regions of Mendocino (-15%), Lake (-16%), and Monterey (-19%) and relatively stable pricing in the Interior Valley and the premium regions of Napa and Sonoma. – **John White**

The **Pinot Noir** market has returned to a more balanced outlook. The oversupply created by the larger 2018 & 2019 harvests that offered buyers a ready supply at favorable price points The 2020 harvest brings that dynamic back in line with normal conditions.

The 2020 yields statewide were down roughly 20% vs 2019 vintage.

Consensus seems to be that Pinot Noir may be the varietal that was most adversely affected by smoke in the Coastal regions during the fires at harvest 2020. It being of thinner skin and by nature the varietal the most easily influenced by outside flavor compounds, that stands to reason.

With this lighter 2020 crops portends for the future is that it will, at a minimum, spur more early conversations about future sourcing strategies for Pinot Noir. Whether that drives real deal making remains to be seen as the future state of the retail market is as challenging as ever to understand and any significant real and long term price escalation after this one time shock to the market may be short lived.– **Chris Welch**

North Coast: After the small harvest from the previous year in the North Coast, most were surprised with yet another small yielding harvest in 2020. Overall volumes in the North Coast fell by approximately 30% and grape pricing remained soft as growers navigated a very challenging harvest during a pandemic and wildfires. The season started off smoothly with very favorable growing conditions but led to a bumpy ride at the end of harvest with late season fires that resulted in some unharvested grapes contributing to the decrease in tons crushed.

Districts 1 to 5 better known as the North Coast were all down in delivered tonnages for the major winegrape varieties as demonstrated by the following highlights:

Napa Cabernet Sauvignon	-43%	↓
Sonoma Chardonnay	-34%	↓
Sonoma Pinot Noir	-39%	↓
Mendocino Chardonnay	-4%	↓
Lake County Cabernet Sauvignon	-20%	↓

– **John White**

The 2020 **Central Coast** harvest will be one that no grower or winery will never forget. Mother nature and smoke damage was a perfect storm of problems. Going into August of 2020 the bulk wine market and grape market witnessed prices that were subdued due to the ongoing pandemic and oversupply issues. August presented early wildfires in wine industry history, creating smoke problems that most Central Coast producers had never dealt with. Late season bulk activity in the Central Coast moved the supply to a balanced position, catapulting prices forward for the 2019 bulk wines.

With the release of the 2020 CA Preliminary Crush Report we see tonnage numbers down in the central coast: Cab Sauv (-11%), Pinot Noir (-38%), Chardonnay (-11%), and Merlot (-33%). Purchases of bulk and grapes in all areas of the central coast, has increased dramatically. – **Todd Azevedo**

Interior 2020 Crush: Collectively the Interior region's 2020 grape crush decreased (-15%) from 2019 totaling 2,466,375 tons. The shortage of over 430,000 tons from 2019 can translate to a decrease of roughly 70,000,000 gallons of wine. Overall grape demand was active early in the season as buyers began replenishing expired grape contracts. Activity increased as the season progressed with the evidence of a lighter crop and winery sales shifting during the pandemic conditions. While there were initial concerns of smoke issues from the Coastal region fires, the impact was not as severe as on the coast.

Southern Interior (Districts 12, 13, 14): District 13 (Madera/Fresno) saw a decrease of (-5.7%) crushing 1,197,634 tons of wine grapes. Despite the overall decrease, District 13 had the only increase in Cabernet Sauvignon from an Interior district up (+9.7%). District 12 (Modesto area) decreased (-4.8%) to total 296,218 tons with Cabernet down (-16.4%) and Merlot down (-14%). District 14 (Bakersfield area) had the largest decrease of the interior regions, down (-20%) to a total of 218,993 tons. A sharp decrease continues for Pinot Grigio which crushed just 9,700 tons down from 30,000 tons just two years ago.

Northern Interior (Districts 9, 10, 11, 17): In 2020 District 11 (Lodi) was down (-12.3%) overall to 679,123, their lowest total since 2015 and almost 100,000 tons less than 2019. The most significant decrease was in Chardonnay crushing 98,184 tons, 30,000 less tons than 2019. Merlot was also down significantly, down (-19%). However, Sauvignon Blanc increased by (-23%) and continued to be in demand. Clarksburg (District 17) was down slightly (-5.2%). The region's largest variety Chardonnay decreased to 51,069 tons crushed. District 9 (Northern CA) and District 10 (Sierra Foothills) were also down from 2019. – **Johnny Leonardo**

About CIATTI GLOBAL WINE & GRAPE BROKERS

The Ciatti Company is the world's largest and most comprehensive bulk wine and grape brokerage. Aside from its home base in Novato, California, seven additional offices around the world provide clients the kind of information and intelligence that today's competitive global wine industry demands.

The company, founded in 1971, has deep roots in the wine industry, both in California and the countries in which the company operates. The current partnership includes industry professionals with over 135 years of collective experience including: Greg Livengood, Glenn Proctor, John White, Chris Welch, Steve Dorfman, and Todd Azevedo and brokers: Johnny Leonardo, Jed Lucey, and Dennis Schrapp.

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