

Preliminary 2019 Winegrape Crush Report is 3.89 Million Tons

by Turrentine Brokerage
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For Immediate Release

Novato, CA – The California Department of Food and Agriculture’s Preliminary Grape Crush Report for 2019 has been released. It is a summary for the supply of the wine and grape industry, containing tons crushed and prices of wine grapes sold during the 2019 harvest.

In past years, the Crush Report would provide growers and wineries insight into the inventory position and possibly influence the market dynamic for bulk wine and grapes, but the current market dynamic is likely not illustrated in the 2019 Crush Report. Therefore, the influence and impact of the Crush Report for 2019 is not as relevant as in the past due to the fact that the 2019 spot market prices (one year contracts) are, in some cases, much lower than the district average, as described below.

Key Insights by Region

	Tons Crushed 2019	Tons Crushed 2018	Net Gain/Loss	Equivalent Gallons	% Chg	2019 %Δ to 5Y Avg
North Coast	511,133	612,833	(101,701)	(16,781,000)	-17%	-1%
Central Coast	474,347	578,453	(104,106)	(17,177,000)	-18%	-7%
Northern Interior	1,025,994	1,107,542	(81,549)	(13,456,000)	-7%	6%
Southern Interior	1,853,750	1,953,992	(100,242)	(16,540,000)	-5%	-5%

	Tons Crushed 2019	Tons Crushed 2018	Net Gain/Loss	Equivalent Gallons	% Chg	2019 %Δ to 5Y Avg
Chardonnay	638,029	711,668	(73,639)	(12,150,000)	-10%	-5%
Cabernet Sauvignon	574,286	680,308	(106,022)	(17,494,000)	-16%	2%
Pinot Noir	263,311	303,824	(50,514)	(8,335,000)	-16%	4%
Merlot	219,138	258,942	(39,804)	(6,568,000)	-15%	-17%

Zinfandel	345,214	387,965	(42,752)	(7,054,000)	-11%	-10%
Pinot Grigio	246,889	275,608	(28,719)	(4,739,000)	-10%	8%

General/Statewide

“The 2019 Statewide wine grape crop of 3.89 million tons crushed is smaller in overall size compared to the 2018 crop of 4.28 million tons which is favorable for current market conditions. Most varieties in most areas of California are currently oversupplied for the foreseeable future.” -Brian Clements, Vice President

“It is certainly good news that the overall tons of wine grapes harvested in 2019 were lower, especially in the coastal regions where the market is in oversupply. The Bulk Wine and Grape Markets will likely remain very competitive to sell bulk wine and grapes in 2020 and there will be bulk wine and grapes that do not sell again.” -Steve Fredricks, President

“Though the total crush was 3.89 million tons, the 2019 harvest felt large because of the thousands of tons left on the vine due to a lack of demand, not because of high yields per acre, and there are thousands of acres coming out of the ground throughout the state. The 2020 Grape Market activity will not likely change from where we left off in 2019.” -Erica Moyer, Partner/Grape Broker

“The numbers reported by this Preliminary Crush Report can be deceiving. Many tons throughout California were not harvested because of lack of demand by wineries. Those wineries are currently oversupplied and looking to work their way back to a balanced position. The crop report does not show the number of tons that were left on the vine. The spot market price in 2019 in some cases was \$0 per ton due to the lack of demand. The spot market price could not get low enough to spark interest from most wineries that are oversupplied in the short-term.” -Steve Fredricks, President

“Although the Crush Report contains a plethora of information, nowadays it is mostly used to calculate grape prices when contracts refer to ‘previous years district average’ in pricing formulas.” -Brian Clements, Vice President

“In this excess phase of the market cycle, the Crush Report does very little in reflecting or projecting current market supply/demand conditions. Current supply and demand conditions reflect consumer demand for casegoods, current supply of bulk wine gallons available for sale, and current supply of available grapes for the 2020 harvest. These variables are dynamics and need to be monitored and analyzed throughout the year.” -Brian Clements, Vice President

“When there are grapes left on the vine that could not sell or be given away at any price, district average prices are falsely elevated.” -Erica Moyer, Partner/Grape Broker

“As a result of the to 2019 harvest of 3.89 million tons, the moderating of district average prices, very low spot market prices for grapes in 2019, and the volume of bulk wine from 2018 still available, there is a great opportunity for wineries to innovate at lower prices. There are challenges in getting wines to the consumer, but supply and price are not barriers. Innovation is happening and always happens during these excess periods of the cycle.” -Steve Fredricks, President

“Opportunity breeds innovation; with the current state-wide structural oversupply there is a plethora of opportunity for buyers to create new programs, extend their sourcing footprint, trade up in perceived quality, and cost average down their cost of goods while increasing volume. This is particularly true for those that found it challenging to grow programs during the premium wine boom of 2012 to 2017.” -Audra Cooper, Partner/Grape Broker

North Coast

“Despite the 12% decrease in Napa Valley Cabernet Sauvignon tons harvested in 2019 vs. 2018, it is still the 2nd largest crop in history at 78,146 tons. The spot grape market demand was soft and spot prices were much lower as the season went on. We are also not seeing any change in the demand for bulk wine.” -Brian Clements, Vice President

“Although the 2019 district average price for Sonoma County Pinot Noir increased by 3%, it does not reflect the significant reduction in price for Pinot Noir on the 2019 spot market. The Crush Report does not reflect the tons left on the vine.” -Mike Needham, Partner/Grape Broker

“The 2019 Sonoma County Chardonnay crop was 71,083 tons, down 20% from the record breaking crop of 88,312 tons in 2018. Russian River Chardonnay was still in demand in 2019, but the level of demand dropped outside of the Russian River AVA. Unfortunately, some Sonoma County Chardonnay grapes were left on the vine without a home in 2019, which is not represented in the crop report’s district average price.” -Mike Needham, Partner/Grape Broker

“The Napa Valley Cabernet Sauvignon District Average price for 2019 increased 2% to \$8,008 per ton. This is a striking example of the disparity between the district average and spot market price, as Turrentine Spot Market Weighted Average prices dropped 50% last year.” -Mike Needham, Partner/Grape Broker

Central Coast

“Demand for Central Coast grapes hit an all time low in 2019 due to a structural oversupply across most growing regions and varieties. Many Central Coast grapes which sold on the spot market in 2019 were sold at lower prices than their historical averages and in some cases below farming cost. Worse yet, some growers were faced with the decision to leave their grapes on the vine due to not receiving an offer.” -Audra Cooper, Partner/Grape Broker

“There were 474,347 tons crushed in the Central Coast in 2019, the equivalent of 7.2 million fewer cases than the large 2018 vintage. The total value of the Central Coast crop decreased to \$717 million, down a total of 17% from 2018.” -Audra Cooper, Partner/Grape Broker

“The total number of District 8 (primarily Paso Robles) Cabernet Sauvignon tons crushed in 2019 was not a clear depiction of the crop, nor was the district average price per ton. There were 14% fewer tons crushed in 2019 vs 2018 due to grapes being left on the vine and multiple frost events at the end of harvest, and yet the 2019 crop was still 20% above the five-year average. This is a clear picture of just how much Cabernet Sauvignon we have in the ground.” -Audra Cooper, Partner/Grape Broker

“The Paso Robles Cabernet Sauvignon grape market is highly segmented as shown in Table 8 of the Crush Report. The price per ton paid in 2019 ranged from \$100 to \$10,038. With the majority of the volume sold from \$1,000 to \$2,000.” -Audra Cooper, Partner/Grape Broker

“With less volume of Cabernet Sauvignon sold and newly planted acreage coming into production under contracts that were negotiated during a tighter supplied market, the District 8 average price per ton of Cabernet Sauvignon increased to \$1,525. With the district average temporarily stabilized, the cost of currently contracted grapes tied to the district average will remain the same. It is important to note, the current spot market does not track with the district average and is highly segmented by vine age, vine health, volume, and perceived quality by the buyer.” -Audra Cooper, Partner/Grape Broker

“With fewer tons crushed and a moderate number of niche market deals that typically trend higher in price, the District 8 Zinfandel average price per ton increased to \$1,695 per ton.” -Audra Cooper, Partner/Grape Broker

In 2019 there were thousands of tons of both Pinot Noir and Chardonnay available for sale in San Luis Obispo and Santa Barbara Counties, much of which sold at significantly lower prices than they had in the previous decade. This was only minimally reflected in the 5% decrease weighted average price and does not account for the grapes left on the vine or custom crushed.” -Audra Cooper, Partner/Grape Broker

“Total tons crushed of Pinot Noir was down 24% and Chardonnay down 23% in District 7 (Monterey/San Benito Counties) largely due to lower yields compared to 2018 and the lack of demand that resulted in Pinot Noir grapes being left on the vine. As new speculative Pinot Noir acres come into production in the Coastal region, there is caution in the wind, as more grapes are available from distinguished AVAs. And because of the current market dynamics, growers are considering removing older, lower producing Chardonnay vineyards.” -Erica Moyer, Partner/Grape Broker

Lodi & Interior

“It sure feels like the 2019 crush was larger than 3.89 million tons! As sales began to flatten, supply increases on the bulk wine market, which impacts demand for grapes for the third year in a row for the San Joaquin and Sacramento Valleys. In 2019, Turrentine Brokerage had a record amount of bulk wine listed for sale. As a result, prices have declined for the second year in a row for Chardonnay, Cabernet Sauvignon, Zinfandel and Pinot Noir in the San Joaquin and Sacramento Valley. Grape growers are removing vineyards and planting almonds, pistachios, or walnuts.” -Erica Moyer, Partner/Grape Broker

“Due to lower yields and grapes left on the vine, District 11 Cabernet Sauvignon tons crushed were down 18% compared to the massive 2018. Cabernet Sauvignon is the top varietal for the Lodi appellation and the backbone for California Appellation Wines.” -Erica Moyer, Partner/Grape Broker

“In 2019, Chardonnay was the only variety in the Lodi and Delta region with demand. The district average Chardonnay prices for Lodi and the Delta continued to decline, where Lodi was down 5% and the Delta down 7%. Surprisingly, the yields were stable with just a 1% decline in Lodi and a 1% increase in District 17.” -Erica Moyer, Partner/Grape Broker

“Coming off a lighter 2018 harvest, French Colombard was up 5% at 322,540 tons and Muscat varieties were up 9% to 264,954 tons. In contrast, Pinot Grigio had a decline in production of 10% for a total of 246,889 tons, with District 14 (Kern County), reporting a 55% decline in production.” -Erica Moyer, Partner/Grape Broker

About Turrentine Brokerage

Turrentine Brokerage, founded in 1973, serves as trusted and strategic advisors to growers, wineries, and financiers and specializes in the strategic sourcing of wine grapes and bulk wine from the major growing areas across the globe. Working with thousands of wineries worldwide, and with over 2,000 growers, this experienced team has negotiated transactions between buyers and sellers valued at more than \$3 billion over the past decade.

Turrentine Brokerage is available to provide comment and analysis on this report and its probable impact on growers, wineries and consumers. Turrentine Brokerage will have its experienced team of grape and wine brokers and analysts available all-day Monday, February 10th and throughout the following week for comments and questions.

Contact

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