



**CIATTI**  
GLOBAL WINE & GRAPE BROKERS



# *California Report*

**April 2024**  
*Volume 7, Issue No. 4*

**Ciatti Global Wine  
& Grape Brokers**

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



## April 2024

Volume 7, Issue No. 4

- 3 The Bulk Market
- 4 The Grape Market
- 6 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.

March was wetter and cooler than average across California. Continued rainfall helped keep frost at bay, with no serious damage reported, and Sierra Nevada snowpack was at 110% of normal as of April 1st. As March turned to April, some Coastal vineyards at higher elevations received a sprinkling of snow, near-freezing overnight temperatures were expected in some pockets, and there was some hail, but – for the time of year – vineyards experienced nothing out of the ordinary. The growing cycle appears to be ahead of last year, with bud-break occurring at a more normal time, welcome considering the lateness of the 2023 growing season.

According to viticultural climatologist Gregory V. Jones, April has an equal chance of being slightly wetter or drier than average, and an equal chance of being slightly warmer or cooler. While grape growers and buyers wait to see how the month pans out, the grape market continues to be quiet, and unless April brings a significant weather event, we expect the cautious pace of grape contracting to continue, given the challenging wine sales context.

The bulk market, meanwhile, continues to proceed slowly but steadily. Bulk inventory is building as more 2023 wines become available, and is larger now than at this stage of last year, not only on Cabernet but also – among others – Chardonnay (assisted by a 24% uptick in output between 2022 and 2023) and Pinot Noir. Zinfandel demand is flat, and its inventory stable, despite a 26% decline in its crop size. Latest data from SipSource suggests continued retailer/distributor destocking of wine inventory due to lack of need – with wine depletions down 8.6% in the December 2023-February 2024 period – and forecasts an improved performance in March and April only because of very soft 2023 comparables. SipSource said that, with interest rates remaining high, it did not expect retailers to increase the inventory that they hold, “but a strong consumer pull would ease our pain”.

In the meantime, many in the wine industry are struggling for cashflow and we are hearing of more issues related to delayed payments. Wine businesses are carrying out rightsizing and some growers are grafting over or pulling out vines, leasing out land for other agriculture, or putting their operations up for sale. Grape and bulk wines suppliers are showing flexibility in accommodating potential buyers and getting creative in order to help lure in interest.

Read on for a detailed assessment of the bulk wine and grape markets and – for the most up-to-the-minute information – get in touch with Ciatti directly. The broker team stands ready to draw on its decades of experience to help navigate buyers and sellers alike through the present challenges, and beyond.

*Robert Selby*

# The Bulk Market

Bulk wine demand is cautious and usually for incremental volumes, with no discernible pattern or momentum regarding what varieties or appellations are needed. This is indicative of the aforesaid lack of retailer demand: The majority of buyers are being calculated, they have specific, longstanding programs to fulfil to a specific schedule, and come onto the market as and when a little more wine is needed. Fully understanding their budget and their wine profile/ volume needs, and with a bottling run often scheduled (sometimes imminently), many buyers have little time for, or interest in, price negotiation. Instead, they prioritise the ability to turn things around quickly between making an offer and bottling.

This just-in-time model, enabled by the large size of bulk wine availability and preferred in a period of elevated input costs, can surprise a supplier more used to a back-and-forth price negotiation. With the buyer pool so shallow on any given item, suppliers may find the first offer they receive is their only offer and, as such, should carefully consider it – bearing in mind the full market picture – before attempting to counter. With demand limited, transactions conducted within longstanding buyer-seller relationships make up a large proportion of the deals that occur, leaving suppliers on the outside struggling to court interest. Most suppliers are cognizant of these tough market realities, are open to offers, and flexible in helping to make deals work.

Opportunistic negociants have been present on the bulk market, some with established connections seeking specific wines, others scouting for low prices they can pitch to retailers for private label deals. Indicative of efforts by suppliers to get creative in order to help move their wines on, this area of the market – price-competitive wine for private labels – has interested some suppliers seeking to shift larger volumes.

Bulk demand is little changed from last month. In the Coast, small deals have occurred on 2022 reds – mainly Napa Valley Cabernet and Alexander Valley Cabernet, potentially at pricing slightly down from 12 months ago. There have also been deals made on 2022 Paso Robles Cabernet, mainly by traditional buyers and for larger volumes than in previous months, at pricing the buyer

and seller deem sensible. Demand for 2022 Coastal Pinot Noir – outside Russian River – is limited, with availability continuing to arise, especially in the Central Coast. A shift towards sourcing Pinot Noir from the California appellation means high Coastal availability levels – any demand pressure would likely stimulate further availability of Coastal 2021 and 2022 Pinot Noirs on the market – and could see Pinot Noir joining Cabernet and Zinfandel in becoming a prime candidate for vine removal or grafting. The majority of inquiries into 2023 reds are currently opportunistic, with buyers seeing if they can get some attractive prices. On the whites, there has been some demand in the North Coast for Sauvignon Blanc.

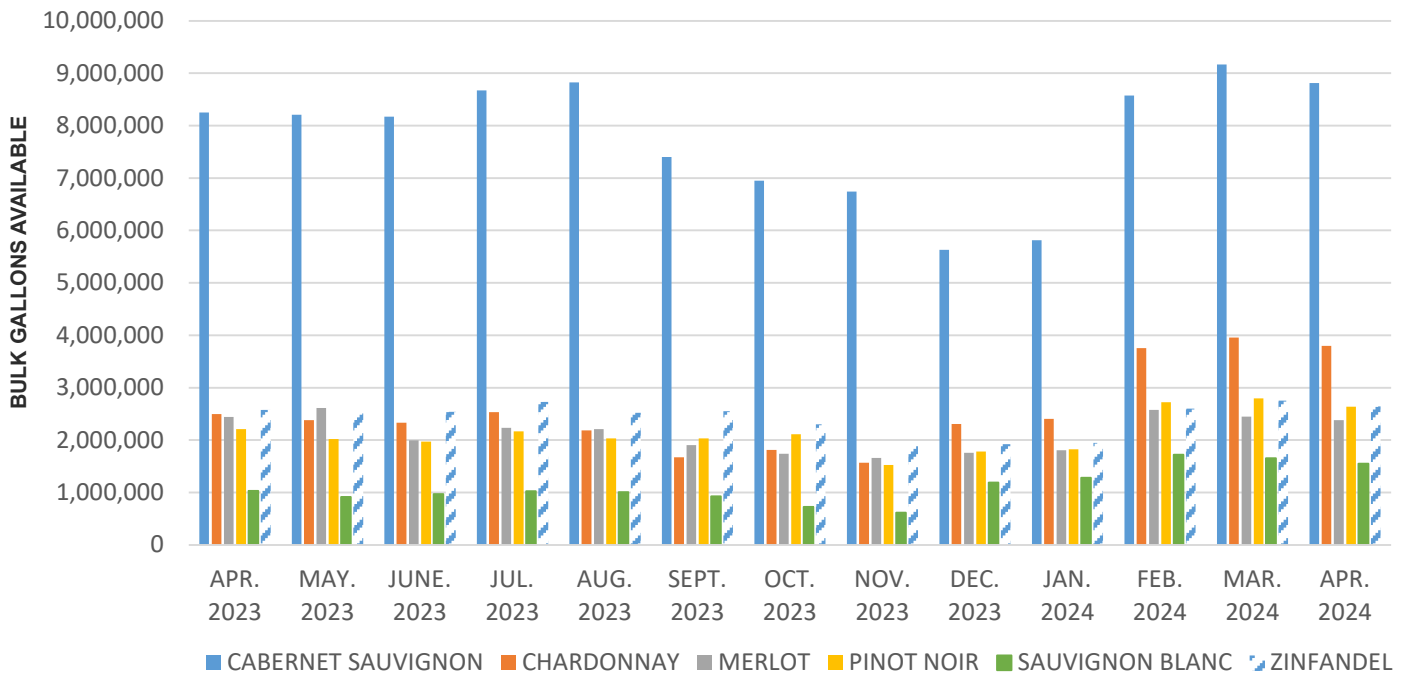
In the Interior, bulk demand is slow, mainly for small volumes, and lacking a pattern from one day to the next. Lodi Cabernet – 2022 or 2023 vintage – seems to be the most consistently required, relatively speaking. The 2023 varietal whites have been receiving incremental demand. Much of the demand in the Interior can be attributed to negociants needing bulk wines, wineries requiring wines because they have switched their sourcing from the Coast and have yet to establish – or do not intend to establish – Interior grape sourcing, or wineries needing specific wines because they have opted not to buy grapes given the extent of bulk wine availability.

California's offer – both in the Coast and the Interior – currently represents an attractive opportunity for international buyers in terms of price-quality ratio. There has been a rise in European interest in Coastal wines owing to the attractive opportunity in combination with the return to pre-pandemic freight prices. California's low-alcohol wines could also be of interest.

Thank you to all those who have already heeded our call to send in samples. **Bulk wine suppliers can contact either Mark at +1 415 630 2548 / mark@ciatti.com or Michael at +1 415 630 2541 / michael@ciatti.com to get their wines listed. Doing so remains the best way for wines to find a buyer. Similarly, buyers requiring wine should get in touch so we can send samples their way.**

*See next page for more.*

# California Bulk Wine Inventory (April 2023 - April 2024)



## The Grape Market

As is typical for the time of year, the grape market has been quiet, although this year it has perhaps been even more muted than normal. Growers and potential buyers alike are waiting for the frost risk to pass before moving beyond the discussion stage. Some buyers see cutting out grape involvement altogether as a viable cost-saving measure, given the high level of bulk wine availability.

There have been some re-signs taking place between parties with longstanding relationships – even these can be slow to complete – and the odd contract made on small volumes, mainly of those varietals seeing the most bulk wine interest, such as Cabernet in North Coast appellations.

As outlined above, some growers are pulling out vines, perhaps because they are struggling to finance continuing to farm wine grapes, or because they intend to switch to higher-efficiency vines or varieties they believe may be in better demand. Others are being increasingly proactive in seeking interest for their grapes, some by offering reduced

pricing. With even more vineyards out of contract this year than 12 months ago, such trends are likely to increase as the 2024 harvest nears – unless Mother Nature intervenes.

Such languishing of grapes, and the preference for bulk, may eventually see bulk wine’s supply-demand dynamic move back into better balance, in turn leading to the return of a grape market. This process may come at the expense of the grower, who will potentially struggle to make ends meet in the meantime. As always in choppy economic times, we are hearing of bulk wine and grape sellers seeking to exit the wine business just as others parties aim to expand, identifying now as a time of opportunity. Like the bulk wine and grape markets themselves, the business of buying assets currently favours buyer over seller, and many seeking to leave the industry are struggling to attract offers on their assets.

**We appreciate it is difficult for growers to accurately gauge, this early, what 2024 grapes they**

*See next page for more.*

will have available for sale, but they should keep us up to date – even if only with rough guesstimates as placeholders – by contacting Molly at +1 415 630 2416 or [molly@ciatti.com](mailto:molly@ciatti.com). Having grapes listed

with us as early as possible assists us in finding a buyer when activity does arise. Potential buyers of grapes trying to get a feel for what is available are also welcome to reach out to us.

## Events

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

- **July 23 - 24:** International Bulk Wine and Spirits Show



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

---

**Chris Welch**

T. +415 298-8316  
E. [chris@ciatti.com](mailto:chris@ciatti.com)

**John White**

T. +415 250-0685  
E. [johnw@ciatti.com](mailto:johnw@ciatti.com)

**Todd Azevedo**

T. +415 265-6943  
E. [todd@ciatti.com](mailto:todd@ciatti.com)

**Glenn Proctor**

T. +707 337-0609  
E. [glenn@ciatti.com](mailto:glenn@ciatti.com)

**Steve Dorfman**

T. +707 321-3843  
E. [steve@ciatti.com](mailto:steve@ciatti.com)

**Dennis Schrapp**

T. +905 933-8855  
E. [dennis@ciatticanada.com](mailto:dennis@ciatticanada.com)

**Greg Livengood**

T. +415 497-5032  
E. [greg@ciatti.com](mailto:greg@ciatti.com)

**Johnny Leonardo**

T. +415 717-4438  
E. [johnny@ciatti.com](mailto:johnny@ciatti.com)

**Michael Fung**

T. +415 630-2541  
E. [michael@ciatti.com](mailto:michael@ciatti.com)

**Jed Lucey**

T. +415 595-2993  
E. [jed@ciatti.com](mailto:jed@ciatti.com)

**Mark Ishimaru**

T. +415 630-2548  
E. [mark@ciatti.com](mailto:mark@ciatti.com)

**Molly Richardson**

T. +415 630-2416  
E. [molly@ciatti.com](mailto:molly@ciatti.com)

---

**John Fearless CO.  
Craft Hops & Provisions**

CEO - Rob Bolch  
Sales - Thomas Gilbert  
T. + 1 800 288 5056  
E. [rob@johnfearless.com](mailto:rob@johnfearless.com)  
E. [thomas@johnfearless.com](mailto:thomas@johnfearless.com)  
[www.johnfearless.com](http://www.johnfearless.com)

---

*To sign up to receive the monthly Global Market Report & California Report, please email [info@ciatti.com](mailto: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.