

Grapes: Prices 2003—Old and New Trends

(Number 43 in a series of highly opinionated articles about grapes and wine in El Dorado County)

Lies, d(arned) lies, and statistics. The results for grape prices from the 2003 harvest are in, and it's time for my annual diatribe on what is now becoming a depressing trend (I promised not to say "I told you so," but doggonnit, *I did*). Following last year's decrease of 8.4%, prices for selected red grapes in our area plummeted by 11.1% in 2003, or lower than they have been, in most cases, since 1996.

The 2003 Crush Report

You can see all the data on the website for California's agricultural statistics, <http://www.nass.usda.gov/ca/bul/crush/indexgcb.htm>, and the site includes historical data back through 1991. Across the state, red wine grape prices were down an average of 2%, while white wine grape prices declined by 3%. In our area (which includes Nevada, Placer, El Dorado, Amador, Calaveras, Tuolumne and Mariposa Counties) prices for selected red varieties back to 2000 are shown in the first table.

<u>District 10</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Increase</u>
Merlot	1,354.69	1,385.86	1,190.32	1,184.43	-0.5%
Cabernet Franc	1,321.38	1,441.24	1,371.47	912.54	-33.5%
Cabernet Sauvignon	1,200.04	1,254.59	1,102.84	1,032.65	-6.4%
Zinfandel	978.72	1,043.56	977.41	910.95	-6.3%
<u>Syrah</u>	<u>1,237.55</u>	<u>1,246.44</u>	<u>1,195.40</u>	<u>1,146.48</u>	<u>-4.1%</u>
Average	1,218.42	1,274.34	1,167.49	1,037.41	-11.1%

The decrease for zinfandel is particularly discouraging, because so much of it is planted in our area (over 5,000 tons of zinfandel were sold in our district last year, out of a total of just under 9,000 tons of red wine grapes). Cabernet sauvignon, which is second with about 1,200 tons, also took a serious price hit. The decrease for cabernet franc is a little misleading—someone dumped over 44 tons for just \$100 per ton, and when that transaction is omitted, the average rises to \$1,065 per ton, a decrease of about 22%. Merlot, which had the biggest decrease last year (14.1%), held relatively steady this time.

Other Areas

Napa County, which bucked last year's trend by increasing prices by almost 5%, still managed to squeak out an increase, but the amount this year was less than 1%. As usual, there was some craziness on Napa prices—a few tons each of cabernet franc, cabernet sauvignon and merlot were sold for the same price of \$15,292 per ton, and the all-time highest price ever paid for grapes was for 4.9 tons of pinot noir that went for \$24,618 per ton. Think of it—someone with probably less than two acres of grapes grossed over \$120,000 last year (no wonder everyone still wants to plant grapes)! Sonoma County,

which for all practical purposes was dead even the year before, saw a significant drop of over 5% this year.

The areas where two-thirds of California's wine grape crop is grown (San Joaquin, Stanislaus, Merced, Fresno, Madera and Tulare Counties), actually saw a small increase for the first time in quite a few years. It might be a case of having been down for so long it's starting to look like "up" to them.

<u>District</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Increase</u>
3 (Sonoma)	2,213.27	2,395.14	2,384.39	2249.35	-5.7%
4 (Napa)	2,439.51	2,913.37	3,051.37	3078.74	+0.9%
10 (Foothills)	1,218.42	1,274.34	1,167.49	1037.41	-11.1%
11 (Lodi)	561.34	555.47	435.17	374.61	-13.9%
12 (Modesto)	382.07	351.77	295.87	302.85	+2.4%
13 (Fresno)	302.14	298.84	241.08	245.86	+2.0%
Average (11,12,13)	415.18	402.03	324.04	307.77	-5.0%

The Local Story

The saving grace for last year was a relatively light crop (the total tonnage of wine grapes across the state was about 10% less than the previous year), and that allowed more growers to sell their grapes, even if they each had a little less to sell. It was even more pronounced locally—some of the nearby vineyards from whom we buy grapes saw decreases in yield of as much as 50% last year.

Although some vineyards and wineries have changed hands (and quite a few are now openly or "quietly" for sale), it has been some time since a winery closed in this area. We were saddened by the loss of Firefall Vineyards, who had built an attractive tasting and entertainment area just south of the Somerset corner. Thankfully, the property will be occupied by Cantiga Wineworks owned by Rich and Christine Rorden, probably by the time you read this.

The Future?

No one can say whether this trend will continue, or whether the improving economy will provide enough growth in wine consumption to pull us up by our rootstraps and halt the price slide. Old-timers, who have seen several of these cycles, say it takes eight years of depressed prices before a significant increase is seen again. John Parducci, the octogenarian winemaker from Mendocino, was honored with the 2003 Grape & Gourmet Lifetime Achievement Award (at the awards tasting event for the California State Fair Competition). When asked for his thoughts on the future of grape and wine prices, he replied "You haven't seen anything yet. A lot of you are astounded by the recent phenomenon of 'Two-Buck Chuck' (the Charles Shaw wines made by Branco Wines and sold statewide by Trader Joe's for \$1.99 a bottle); wait a year or two and you may be looking at 'One-Buck Chuck!'"