

Grapes: Prices 2004—Finally, Some Good News?

(Number 48 in a series of highly opinionated articles about grapes and wine in Fair Play)

The grape prices for the 2004 crush are in, and they're a mixed bag. If your wineglass is half full, you'll find some good news here, and if you're down in the dregs, there's something for you, too.

The 2004 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 for 2004 were up an average of 3%, while white wine grape prices increased by 13%. In our area (which includes Nevada, Placer, El Dorado, Amador, Calaveras, Tuolumne and Mariposa Counties) prices for selected red varieties back to 2001 are shown in the first table.

<u>District 10</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Increase</u>
Merlot	1,385.86	1,190.32	1,184.43	1,122.66	-5.2%
Cabernet Franc	1,441.24	1,371.47	912.54	1,139.93	+24.9%
Cabernet Sauvignon	1,254.59	1,102.84	1,032.65	1,006.39	-2.5%
Zinfandel	1,043.56	977.41	910.95	955.35	+4.9%
<u>Syrah</u>	<u>1,246.44</u>	<u>1,195.40</u>	<u>1,146.48</u>	<u>1,165.05</u>	<u>+1.6%</u>
Average	1,274.34	1,167.49	1,037.41	1,077.88	+3.8%

The increase for cabernet franc means almost nothing, since it took an unjustified drop last year, and if you exclude it from the total, things here are just about where they were last year. It's good to see zinfandel rebound from last year's low, 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 over 9,000 tons of red wine grapes). Merlot, which has really fallen out of favor in recent years, continues to decline.

Out in the Boondocks

The big boys in Napa and Sonoma, who have generally been untouched by the declines we've seen in recent years, are finally starting to feel the pinch, and both are down by about 3% (aww...). Still, they average between two and three times our prices, so we definitely don't need to feel bad for them.

The areas where two-thirds of California's wine grape crop is grown (San Joaquin, Stanislaus, Merced, Fresno, Madera and Tulare Counties), finally saw a substantial increase in prices. If you have been reading these columns for a few years, you'll recall that these areas were bellwethers of the slide that started back in earnest in 1999, and they seem to be (we hope) equally forward-looking about the trend back toward an increase. If that's true, this will be a relatively short dip in grape prices, dropping for only

five years before heading back up. For those who have been impacted by this trend, it hardly seems short, but historically dips have run 7-8 years before turning around. Don't forget, even if prices do continue their rebound, it will still be a few years before we get back to the price levels that prevailed back in 1999 or 2000.

<u>District</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Increase</u>
3 (Sonoma)	2,395.14	2,384.39	2249.35	2178.36	-3.2%
4 (Napa)	2,913.37	3,051.37	3078.74	2981.46	-3.2%
10 (Foothills)	1,274.34	1,167.49	1037.41	1077.88	+3.8%
11 (Lodi)	555.47	435.17	374.61	407.33	+8.7%
12 (Modesto)	351.77	295.87	302.85	335.22	+10.7%
13 (Fresno)	298.84	241.08	245.86	269.34	+9.6%
Average (11,12,13)	402.03	324.04	307.77	337.30	+9.6%

The Fair Place of Fair Play

Part of the reason we have done reasonably well as growers in Fair Play is probably related to the exceptional growth in the number of wineries here. Oakstone was Fair Play winery #8 when it opened in 1997, and the most recent count of open and operating wineries in the area was 22, with several more nearing completion. If these newcomers follow our belief that we live in an area that grows really special grapes, and draw primarily from the local growers, we should see a healthy future for grapes and grape prices here for many years to come. One thing we probably won't know for a while is if we can ever have too many wineries in one 33-square mile grapegrowing district.

So, Should I Be Planting Grapes?

Actually (if the trend continues), you should have planted grapes two or three years ago to take maximum advantage of it, but this wouldn't be a bad time to start. I would modestly submit that it will not be a good idea to plant chardonnay, merlot or even cabernet sauvignon for a long time to come—those wines are increasingly hard to sell, and much of the crop for the last two is now going into red table wines. What *should* you plant? Ignoring the fact that we generally do not have the right climate for it, the one grape that is certain to have an increase in price and popularity over the next couple of years is pinot noir, based on the widespread appeal of the movie "Sideways" (actually, there is a rumor that both Fitzpatrick and their Fair Play Road neighbors at Lost Colt Vineyards each have some pinot noir vines, and that some exceptional wines have been made from them).

Of course, if you plant pinot now, by the time you get a full crop in 2008 or 2009, there will likely have been a movie in which the hero goes in search of the romance and elegance of merlot, and disrupts all of your carefully-laid plans. Remember that one fact has not changed in all the years we have been doing this and grumbling about it: grapegrowing is still farming, and is subject to the whims of the marketplace, the vicissitudes of weather, and the uncertainty that is attached to all agricultural pursuits. If

you thrive on risk, uncertainty, and are prepared for the years of drought, disappointment and even poverty that may result; by all means, plant those grapes!