

# 2019 Economic Grape Update

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# U.S. Concord Production- A Review

- 2018 Concord crop
  - 400,000 tons
  - Slightly below 10 year average
  - 5% decrease from 2017
- Inventories were lower prior to 2018 harvest
  - Cash price increased on the East & West
- New York, Pennsylvania, Ohio
  - 2018 crop was down, similar to 2015 size
- Michigan
  - Acreage removed
  - Production was 36,000 tons

# Washington Concord Production- 2018

- 187,000 tons
  - 6% increase in production from 2017
- No abnormal winter damage
- Warm summer
- Normal start to harvest
  - Ideal harvest weather
- Strong sugar development
  - Quality was good
- 2018 crop had above average yield (tons/acre)



# 2019 Eastern Season

- Michigan
  - Cold winter, vinifera and Niagara's damaged
  - Crop was lighter than expected
- NY and Pennsylvania
  - Late start to the season
    - Good, long fall
  - Higher than average sugar
    - 16.0+ Brix
  - Juice price up, Concord wine market is healthy
  - Crop size above 10 year average

# The 2019 Growing Season in WA

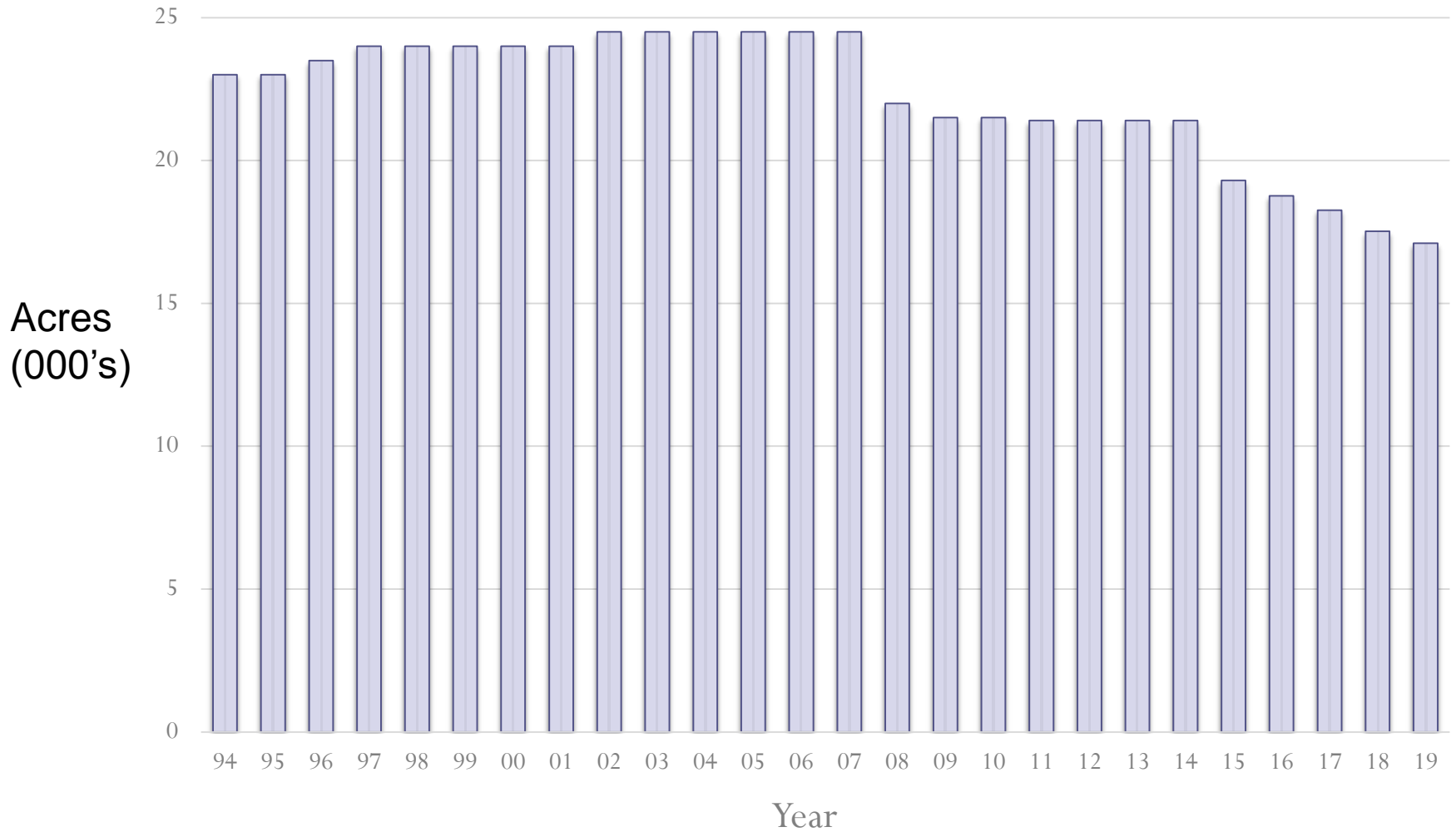
- Similar to long term average
- Cooler than expected fall
- Frost events define harvest
- Reasonable sugars, good acids
  - Color below normal
- 2019 crop had reasonable yield (tons/acre)
  - 2014 and 2018 had the highest yield



# Concord Grape Juice Industry

- Washington
  - Nation's leading producer
  - Production averaged 185,676 tons 2008-2018
  - 2019 production estimated at 176,237 tons
    - Approximately 16,627 tons organic Concords
- New York
  - 2<sup>nd</sup> largest producer
  - Production averaged 114,368 tons 2008-2018
  - 2019 production estimated at 120,000 tons
    - 197,000 for Lake Erie region

# CONCORD GRAPE ACREAGE IN WASHINGTON, 1994-2019



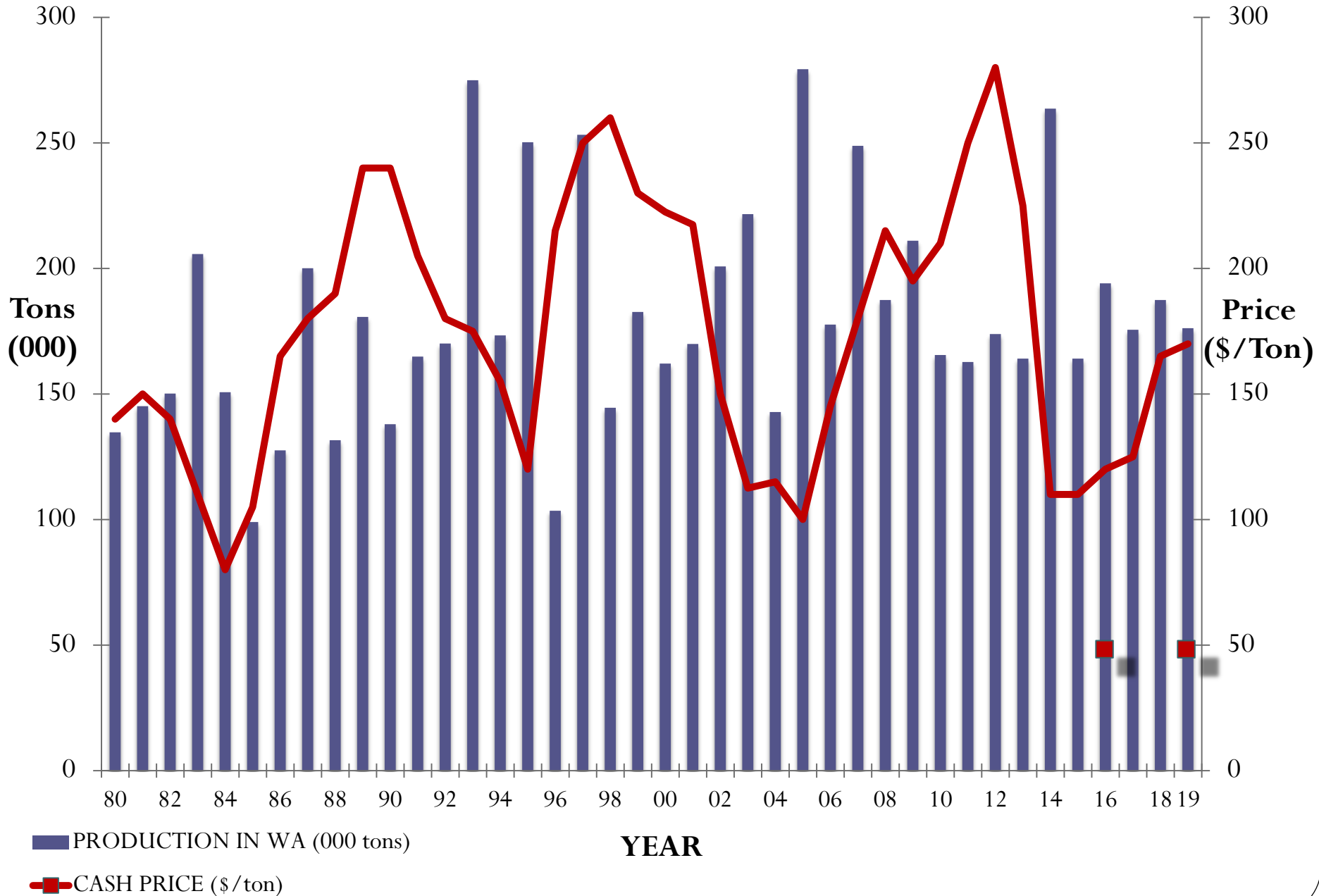
## Concord Grape Production and Prices in Washington and the U.S., 2008-2019

<b>Year</b>	<b>Washington Production (Tons)</b>	<b>U.S. Production (Tons)</b>	<b>Cash Price in Washington (\$/ton)</b>
2019	176,237(est)	404,000(est)	170
2018	187,438	398,438	165
2017	176,000	420,190	120
2016	195,000	452,630	120
2015	175,000	401,720	110
2014	260,000	505,180	110
2013	165,000	452,550	225
2012	167,000	303,110	280
2011	156,000	417,000	250
2010	162,000	373,090	210
2009	205,000	396,790	195
2008	187,425	447,130	215

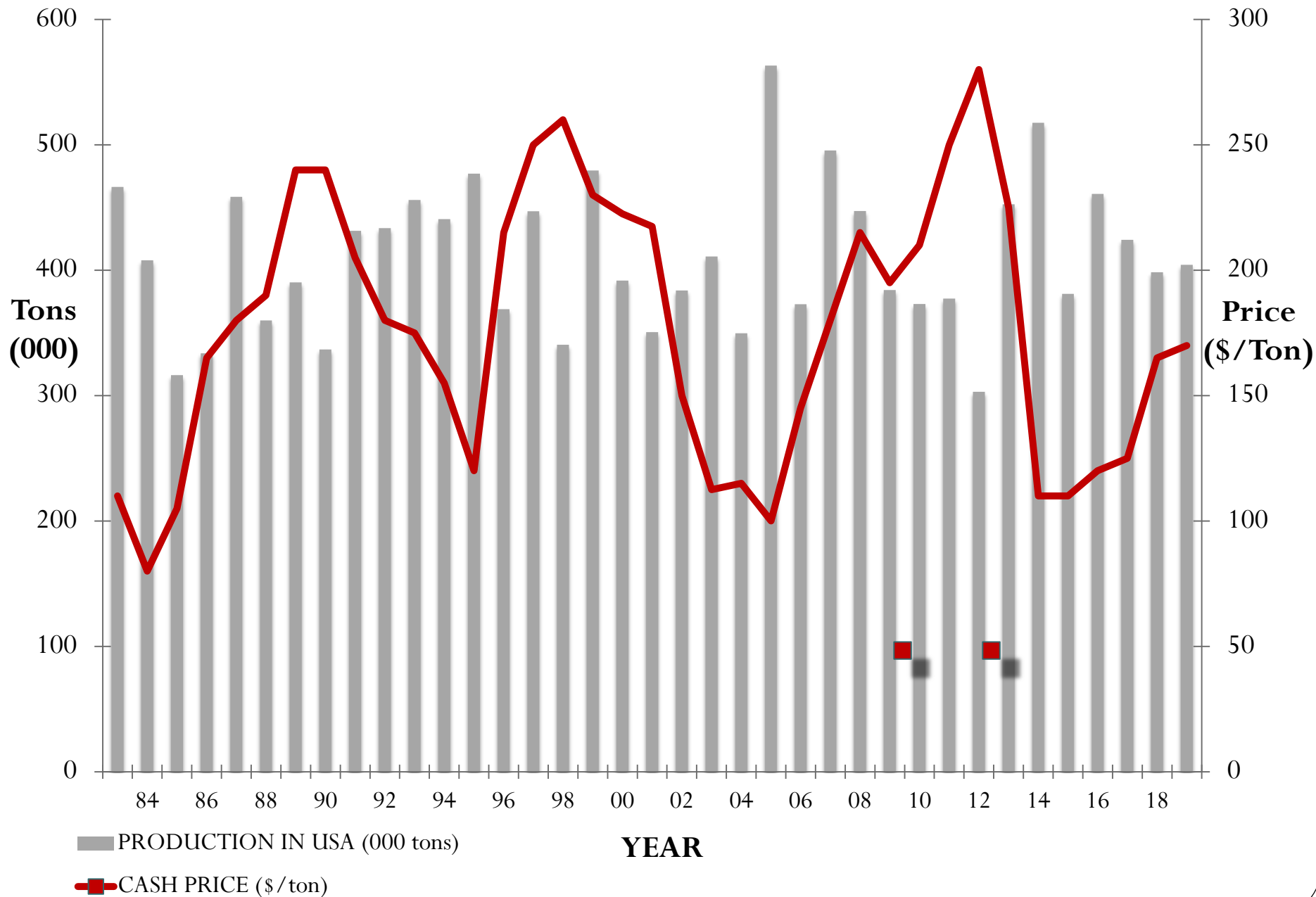
*NASS data for 2008-2017*



# WASHINGTON CONCORD GRAPE PRICES AND PRODUCTION, 1980-2019



# US CONCORD PRODUCTION & WASHINGTON CASH PRICE, 1984-2019



# U.S. Concord Cash Grape Prices 1998-2019

\$/Ton

300

250

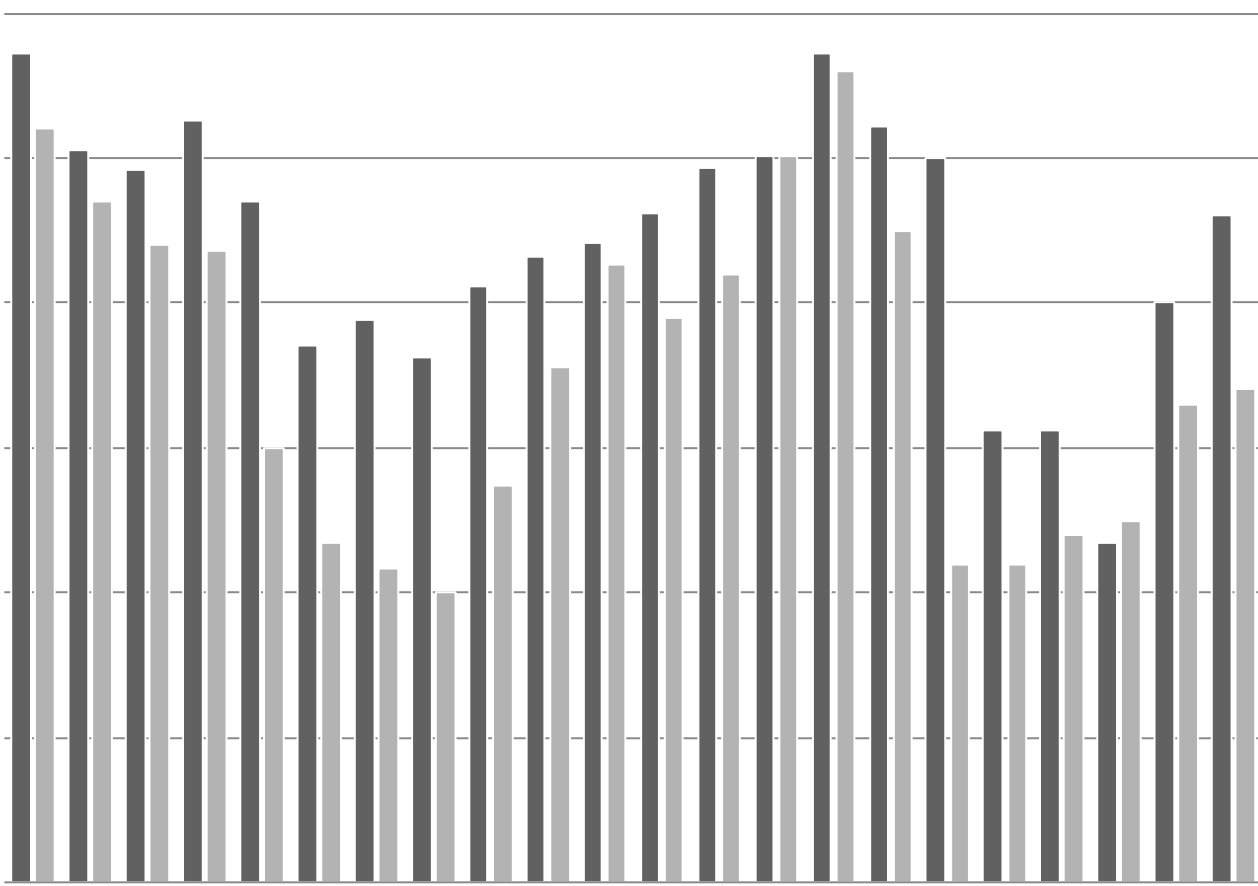
200

150

100

50

0



■ Eastern

■ Washington

# U.S. Concord 68 Brix Concentrate Prices 1998-2019

\$/Gal

25

20

15

10

5

0

1998

2000

2002

2004

2006

2008

2010

2012

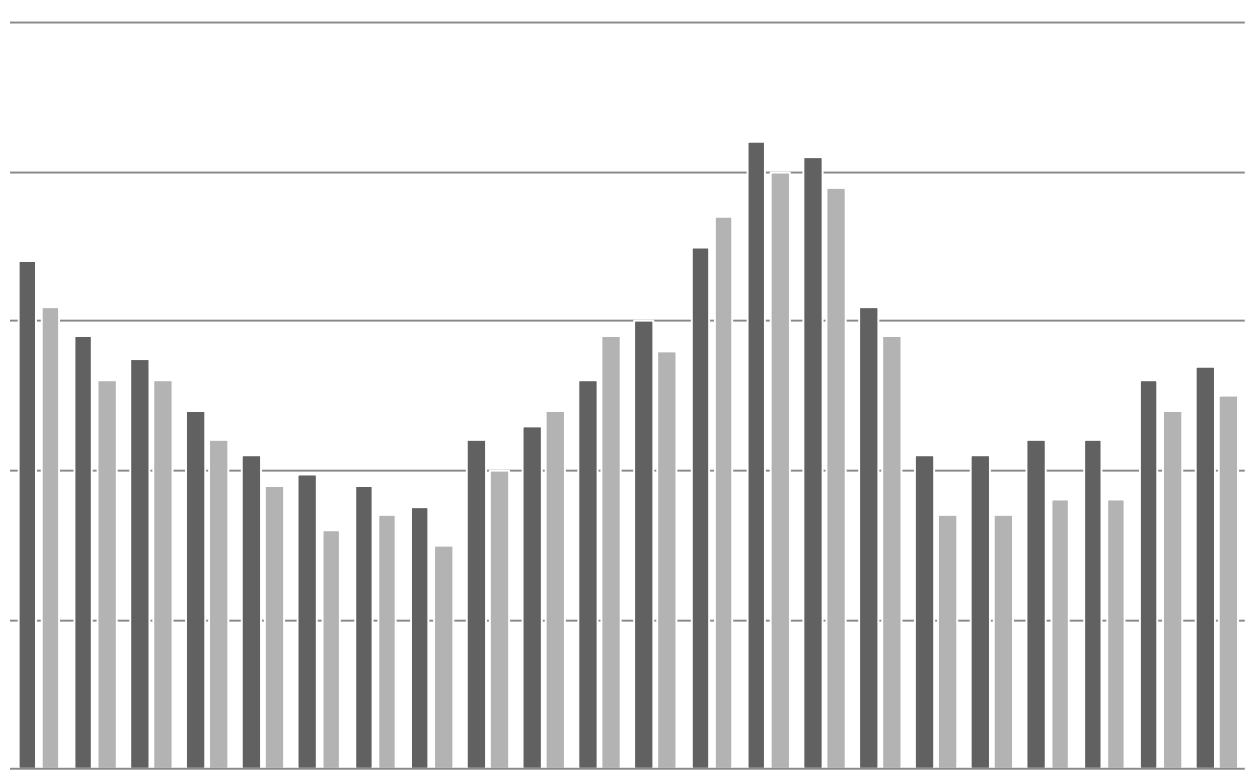
2014

2016

2018

■ Eastern

■ Washington

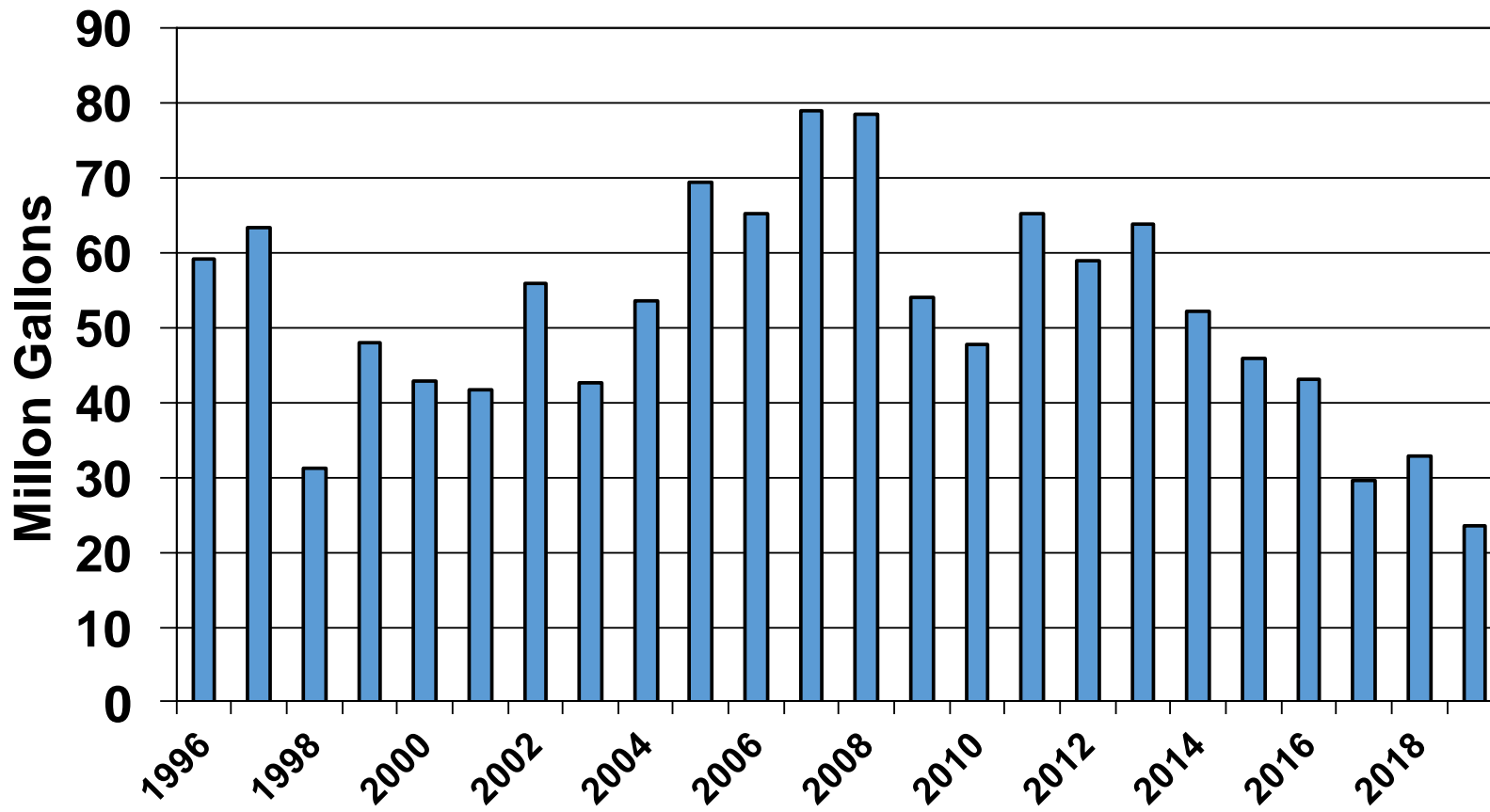


# Washington Niagara Production

<b>Year</b>	<b>Washington Production (Tons)</b>	<b>U.S. Production (Tons)</b>
2019	14,411 (Est.)	N/A
2018	18,328	N/A
2017	17,000	58,650
2016	25,000	71,180
2015	14,000	54,050
2014	25,000	70,290
2013	15,000	80,650
2012	18,000	50,150
2011	18,000	76,730

**1,240 acres in WA (estimate)**

# U.S. Grape Juice Imports (1996-2019)



# Pricing of Concord Grapes

## 1. Supply and demand conditions

### ■ Supply

- Current production
- Inventories of concentrate/product
- Imports

### ■ Demand

- Sale of products
- Exports
- Demand for inventories

# Economic Outlook

- Acreage removal has tempered
- Industry supply is stabilizing
- Cash price likely to continue rising





# Wine Grapes



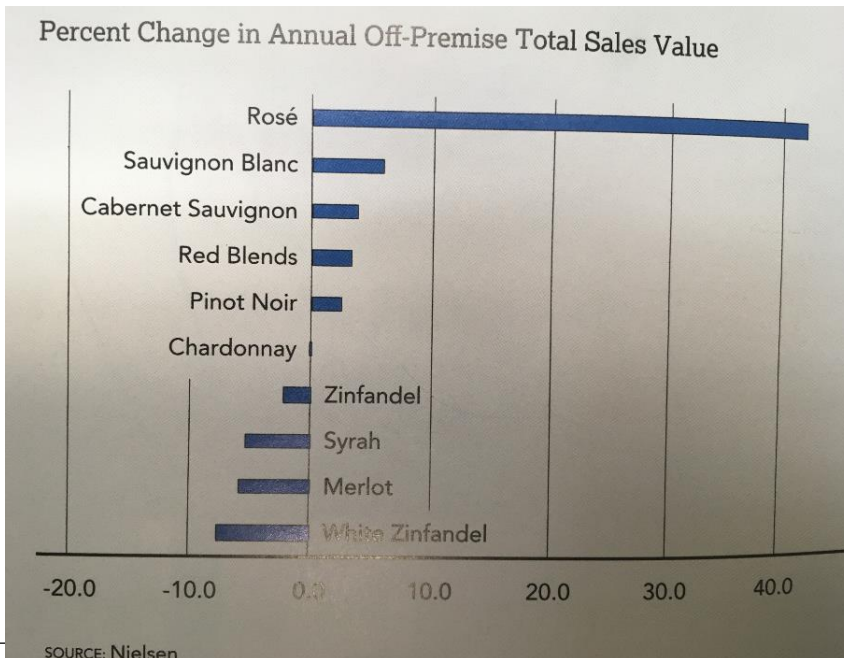
# Wine Sales in the U.S.- 2008 to 2018 in millions of gallons

Year	Table Wine	Dessert Wine	Champagne/ Sparkling Wine	Total Wine	Total Retail Value (billion)
2018 (Est.)	806	97	65	967	\$68.1
2017	800	97	62	960	\$65.3
2016	790	98	58	946	\$63.3
2015	773	96	51	920	\$60.5
2014	770	82	47	899	\$56.8
2013	776	75	43	895	\$53.4
2012	759	72	42	873	\$51.7
2011	732	75	41	847	\$50.3
2010	693	68	36	798	\$47.7
2009	684	64	33	782	\$45.6
2008	650	66	32	748	\$45.0

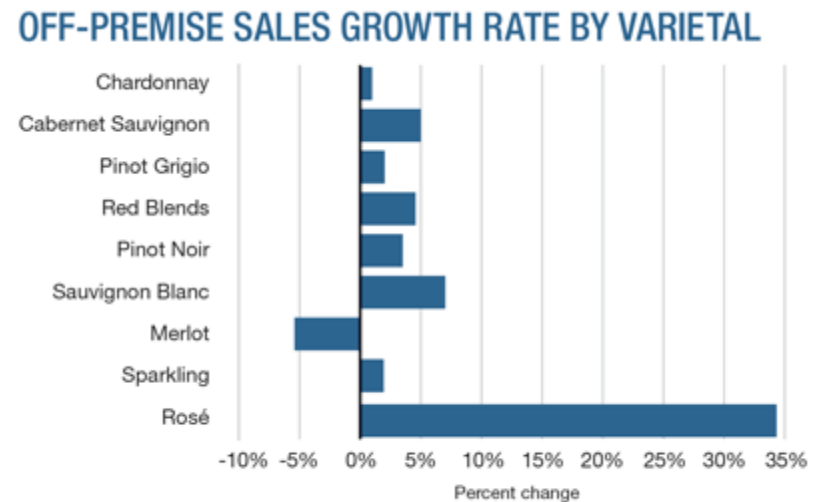
# Wine Sales Volume and Revenue Relationships

- Premium table wines priced at \$8 or more per 750 ml account for:
  - Fastest growing market segment in sales
  - Most profitable

2019



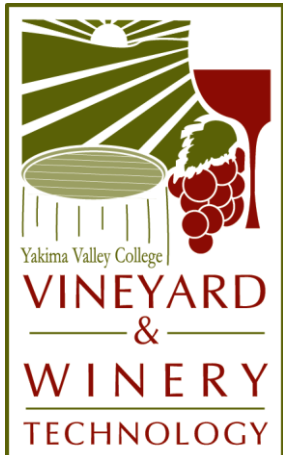
2018



Source: IRI Wines Vines Analytics. Domestic table and sparkling wine sales in multiple-outlet and convenience stores, 52 weeks ended July 15, 2018.

# Thank You!

- Washington Grape Juice Processors
- Herb Barber and Sons
- Mark Longstroth and Katherine East, MSU
- Kevin Martin at PSU Extension
- Greg MaGill at MaGill Brokerage and Consulting



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