

2018 Economic Grape Update

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U.S. Concord Production- A Review

- 2017 Concord crop
 - 420,190 tons
 - Close to 10 year average
 - 7% decrease from 2016
- Inventories were lower prior to 2017 harvest
 - Cash price increased slightly on the West
- New York, Pennsylvania, Ohio
 - 2017 crop was up, similar to 2011 size
- Michigan
 - Lowest since 2012
 - 37% decrease from 2016

Washington Concord Production- 2017

- 176,000 tons
- 10% decrease in production from 2016
- Near normal veraison, and good GDD
- Normal start to harvest
- Solid Brix numbers
 - Quality was good
- 2017 crop had above average yield (tons/acre)
 - Less than 2016



2018 Eastern Season

- Michigan
 - Cold winter, hot mid-season and cool rainy fall
 - Crop was lighter than expected
- NY and Pennsylvania
 - Warm season, with rain challenges
 - Higher than average sugar
 - 16.3 Brix
 - Juice price up, Concord wine market is healthier
 - Crop size below 10 year average

The 2018 Growing Season in WA

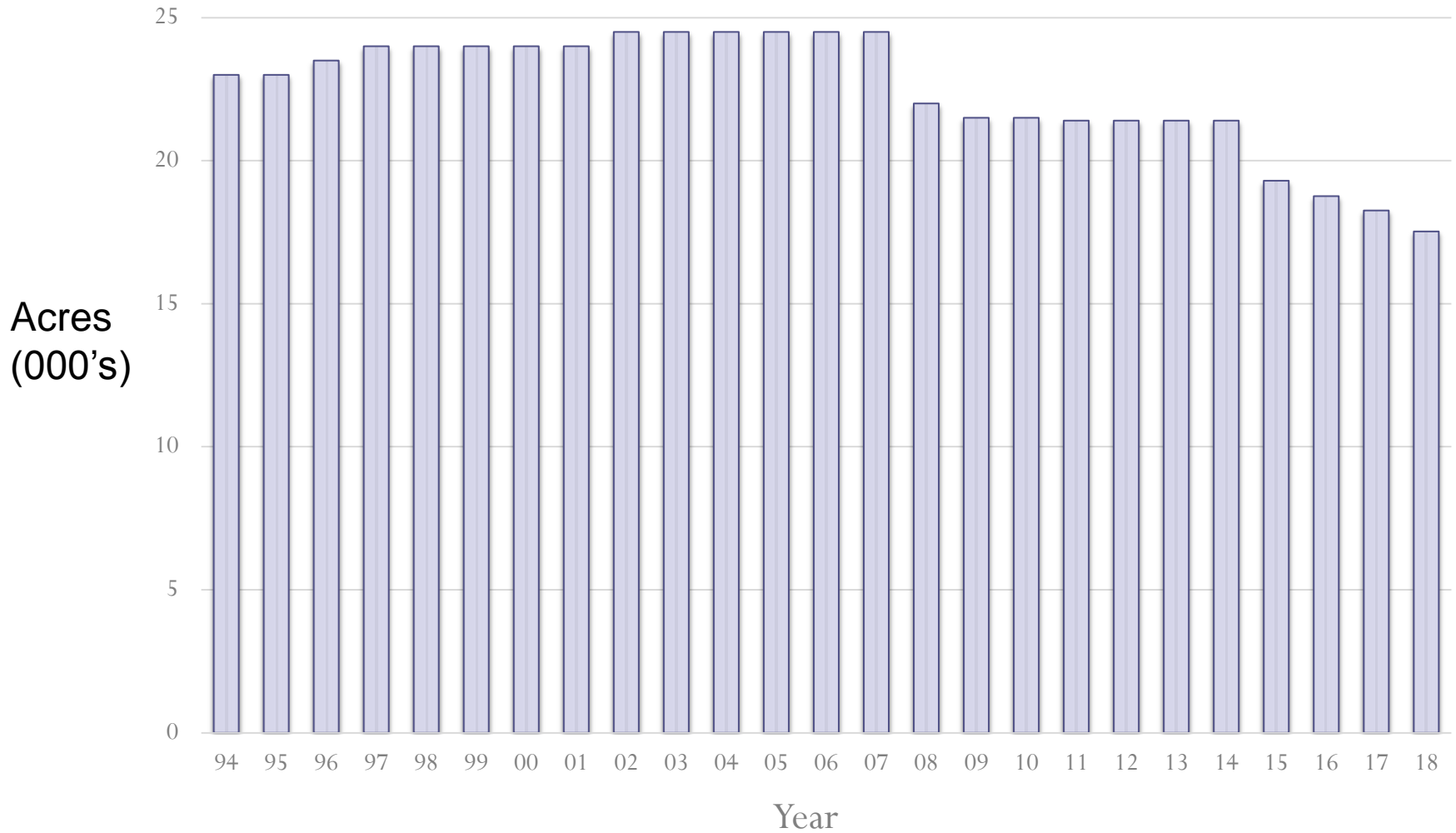
- No abnormal winter damage
- Warm summer
- Normal start to harvest
 - Ideal harvest weather
- Strong sugar development
 - Quality was good
- 2018 crop had near record yield (tons/acre)
 - 2014 had the highest yield



Concord Grape Juice Industry

- Washington
 - Nation's leading producer
 - Production averaged 191,273 tons 2007-2017
 - 2018 production estimated at 187,438 tons
 - Approximately 11,426 tons organic Concords
- New York
 - 2nd largest producer
 - Production averaged 116,573 tons 2007-2017
 - 2018 production estimated at 107,000 tons
 - 175,000 for Lake Erie region

CONCORD GRAPE ACREAGE IN WASHINGTON, 1994-2018

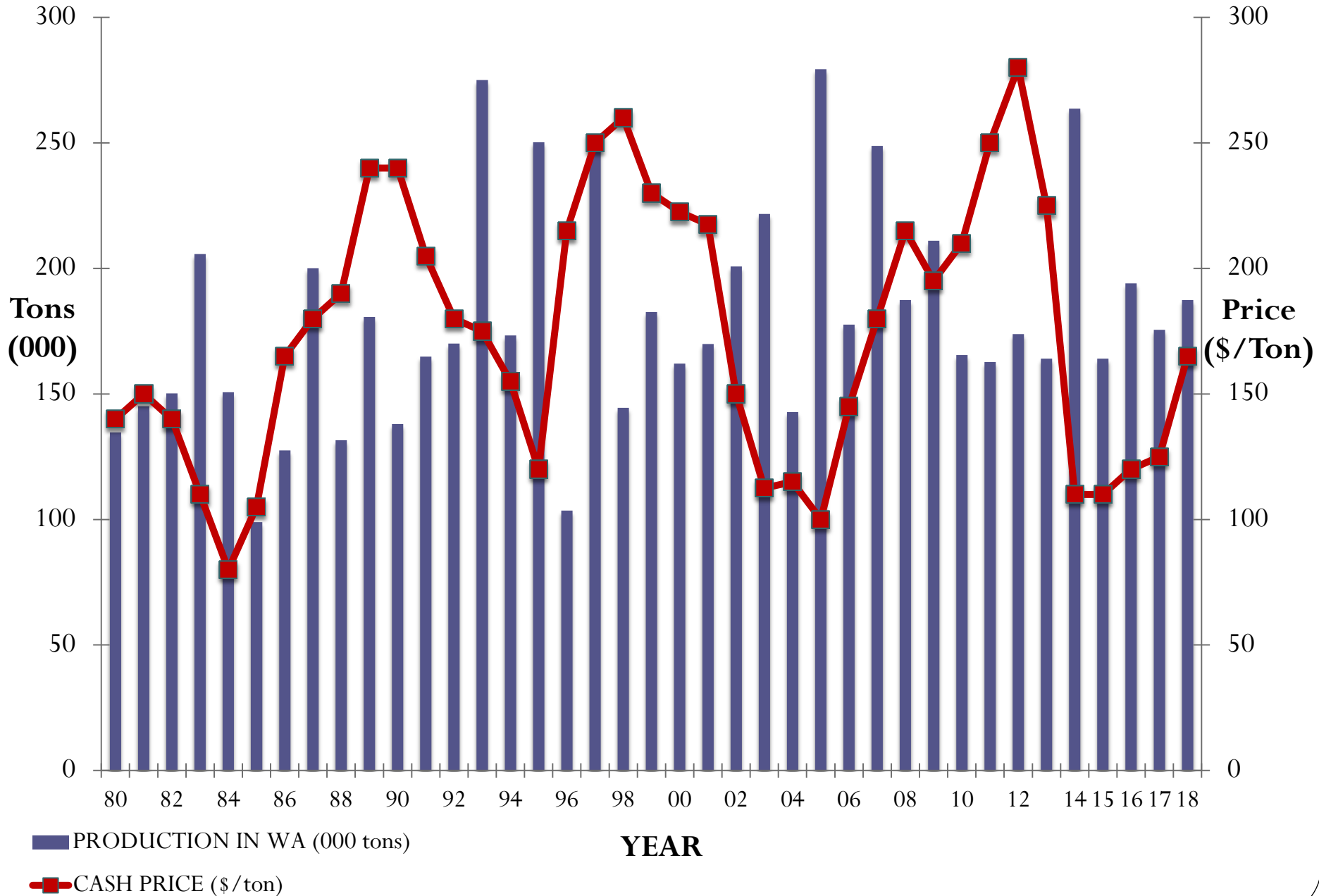


Concord Grape Production and Prices in Washington and the U.S., 2007-2018

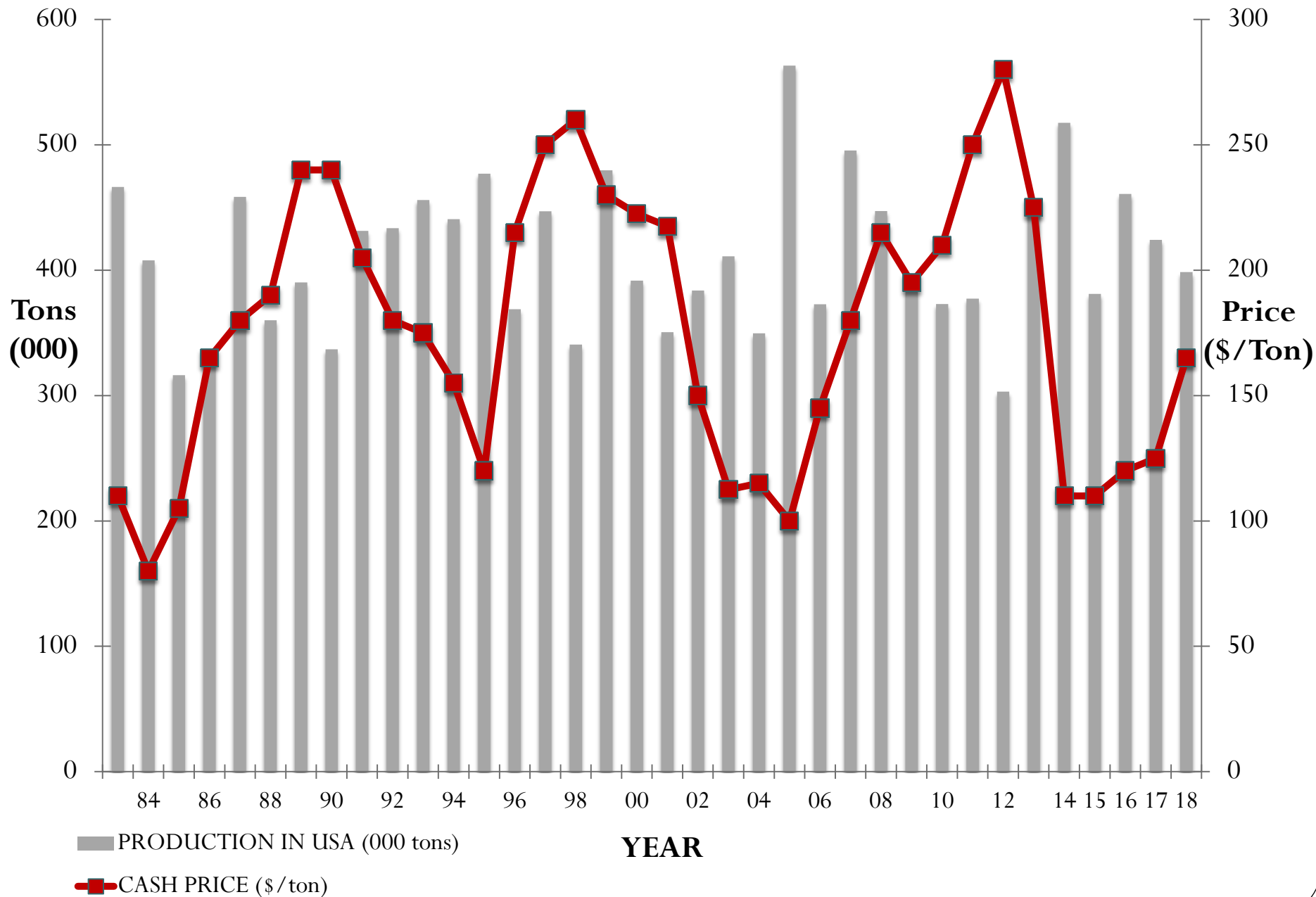
Year	Washington Production (Tons)	U.S. Production (Tons)	Cash Price in Washington (\$/ton)
2018	187,438 (est)	398,438 (est)	165
2017	176,000	420,190	120
2016	195,000	452,630	120
2015	175,000	401,720	110
2014	260,000	505,180	110
2013	165,000	452,550	225
2012	167,000	303,110	280
2011	156,000	417,000	250
2010	162,000	373,090	210
2009	205,000	396,790	195
2008	187,425	447,130	215
2007	249,000	518,470	180

NASS data for 2007-2017

WASHINGTON CONCORD GRAPE PRICES AND PRODUCTION, 1980-2018



US CONCORD PRODUCTION & WASHINGTON CASH PRICE, 1984-2018



U.S. Concord Cash Grape Prices 1998-2018

\$/Ton

300

250

200

150

100

50

0

1998

2000

2002

2004

2006

2008

2010

2012

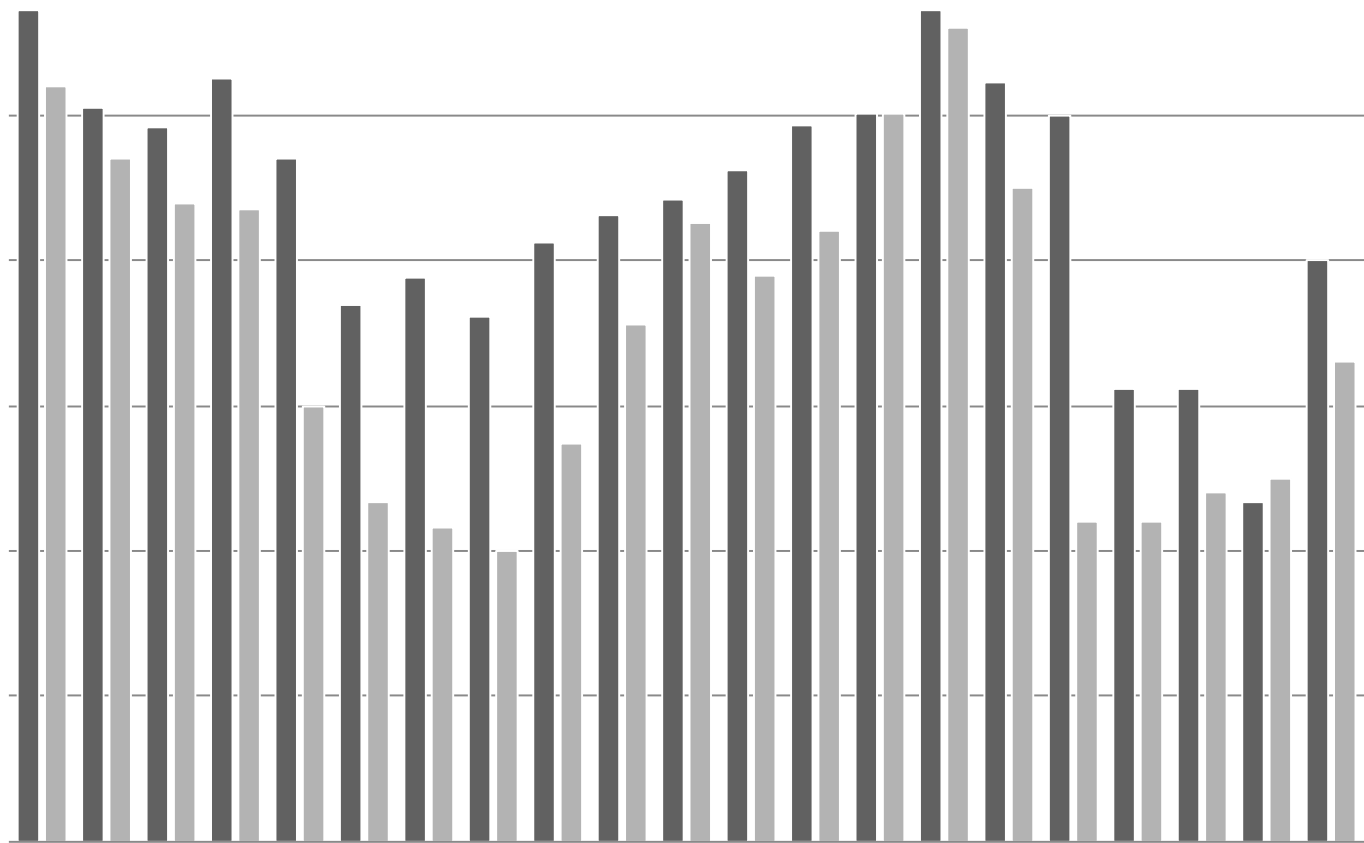
2014

2016

2018

■ Eastern

■ Washington



U.S. Concord 68 Brix Concentrate Prices 1998-2018

\$/Gal

25

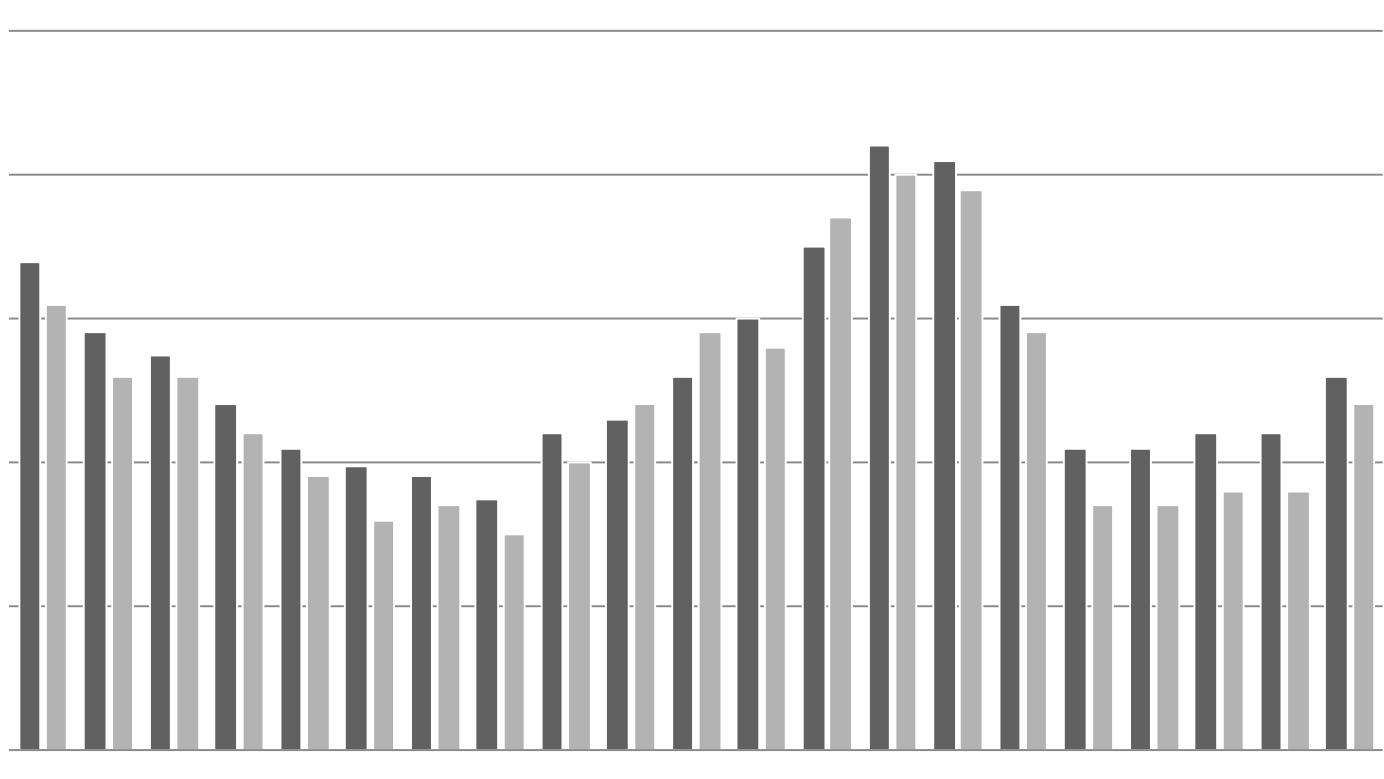
20

15

10

5

0



■ Eastern

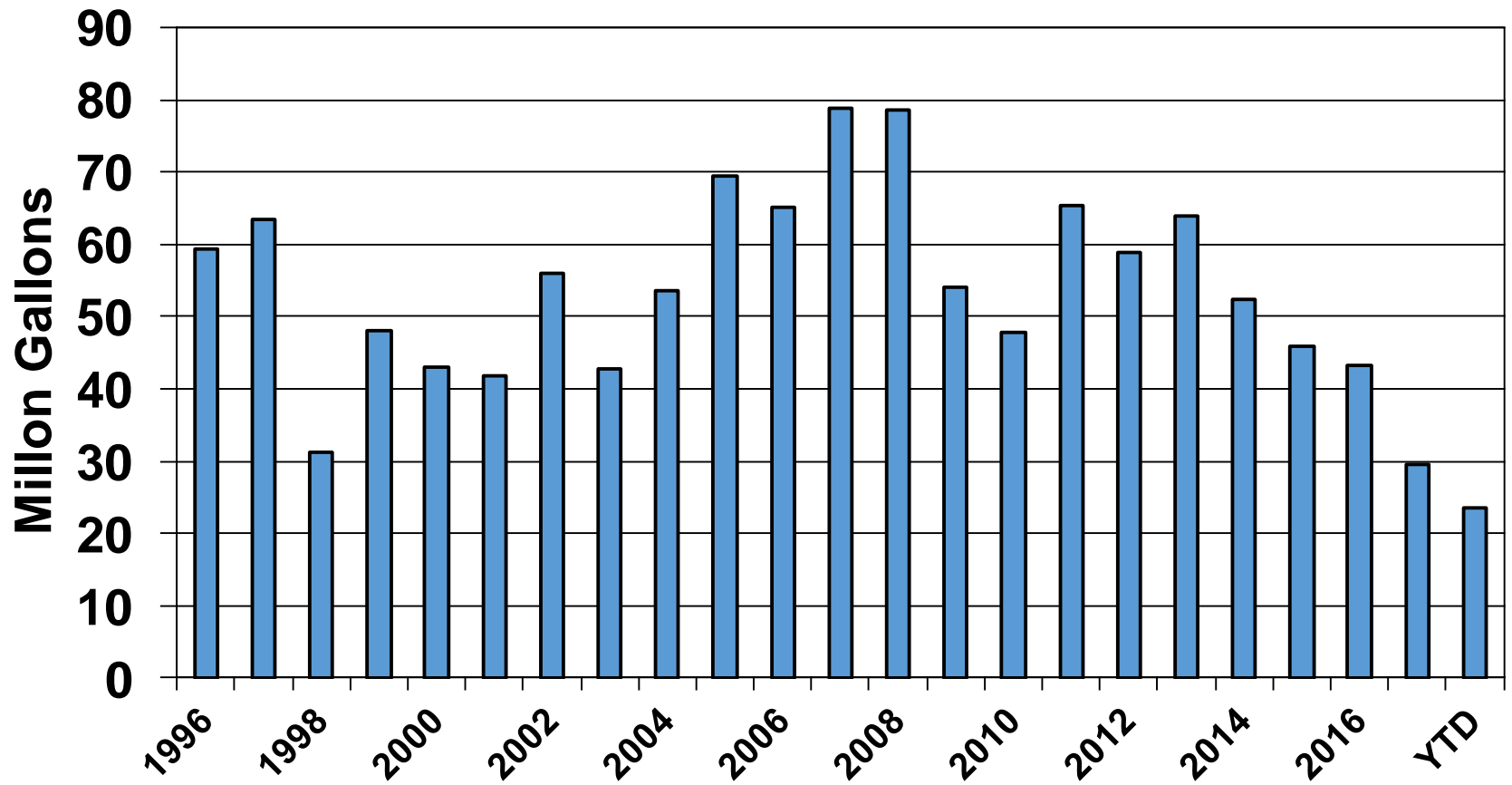
■ Washington

Washington Niagara Production

Year	Washington Production (Tons)	U.S. Production (Tons)
2018	18,328 (Est.)	N/A (Est.)
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
2010	14,000	55,190

1,233 acres in WA (estimate)

U.S. Grape Juice Imports (1996-2018)

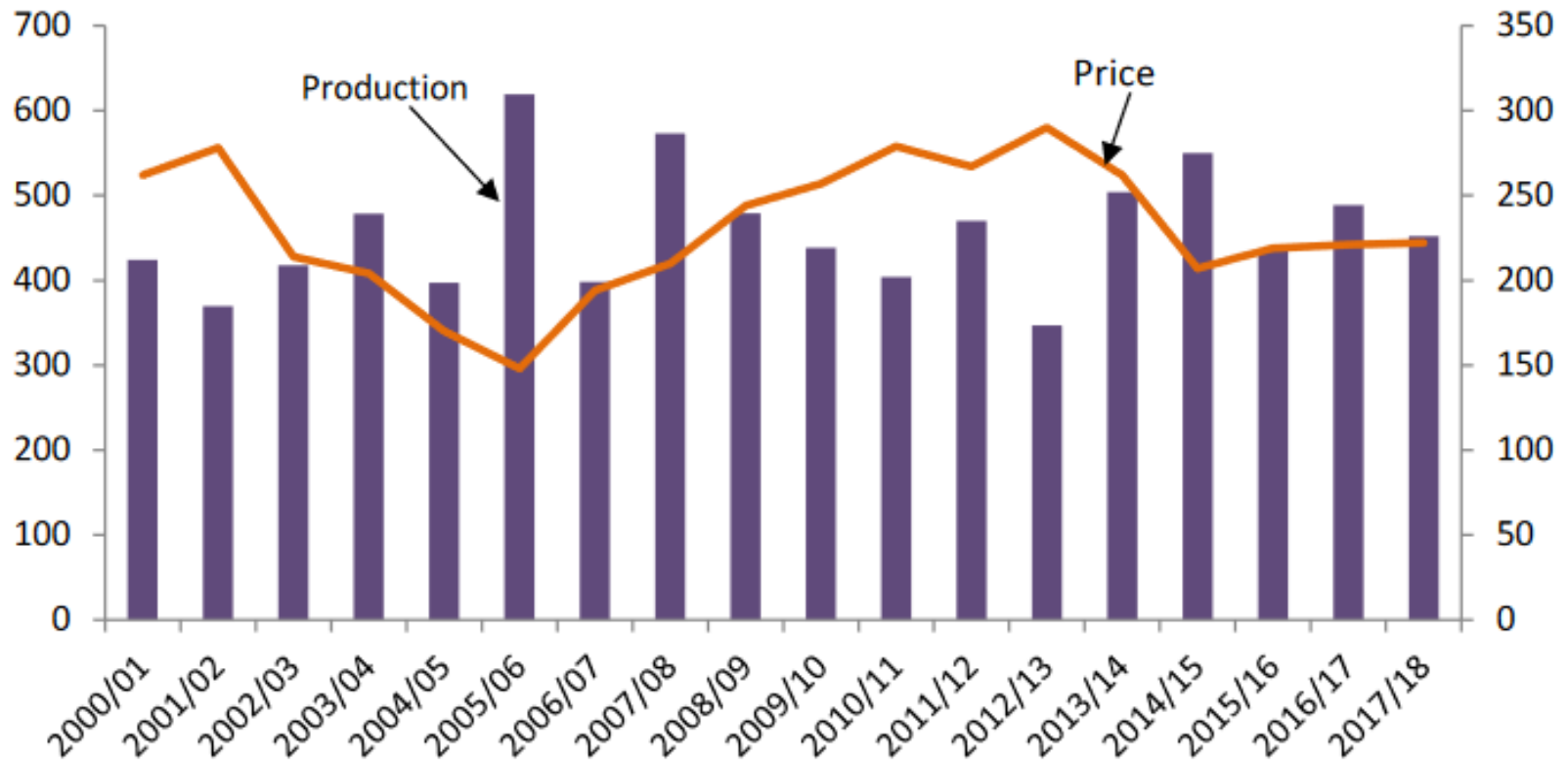


Utilized Grape Production and Grower Price

U.S. utilized grape production for juice and season-average grower price

Thousand short tons¹

Dollars per ton



¹ 1 short ton=2,000 pounds

Source: USDA, National Agricultural Statistics, *Noncitrus Fruits and Nuts Summary*, various issues.

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 could likely decrease slightly
- Industry supply is stabilizing
- Cash price likely to continue rising

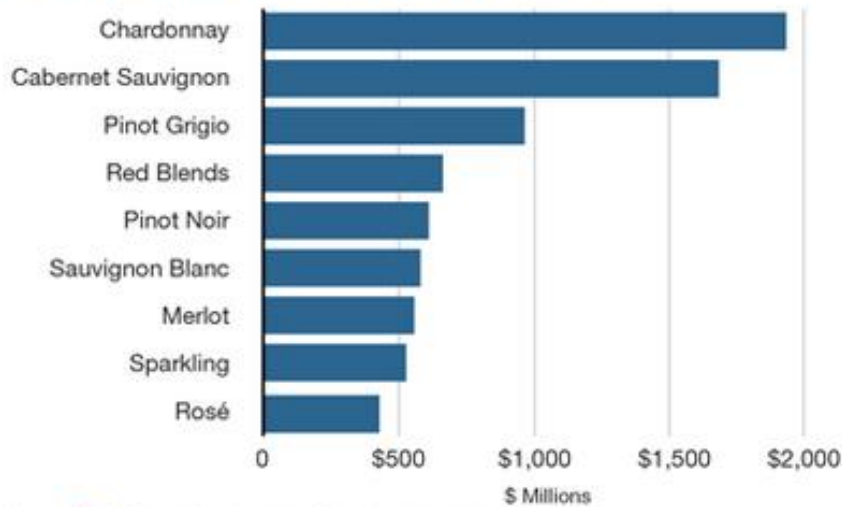


Wine Grapes



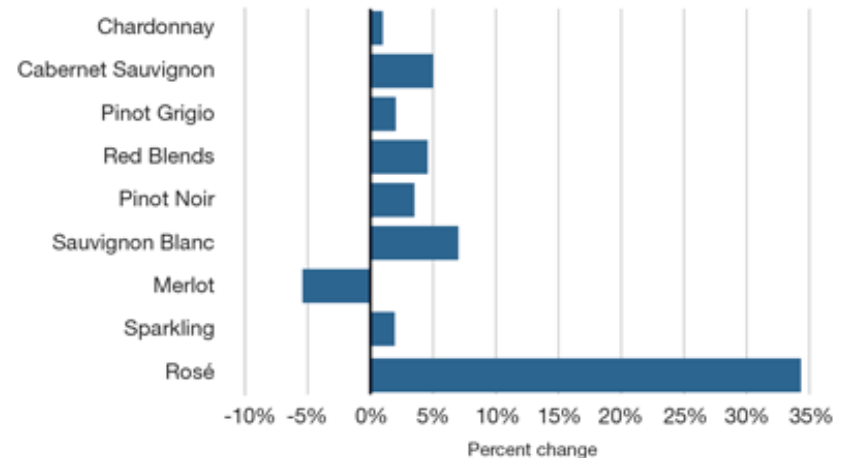
Market Share and Growth (Off-Premise Sales)

OFF-PREMISE SALES BY VARIETAL



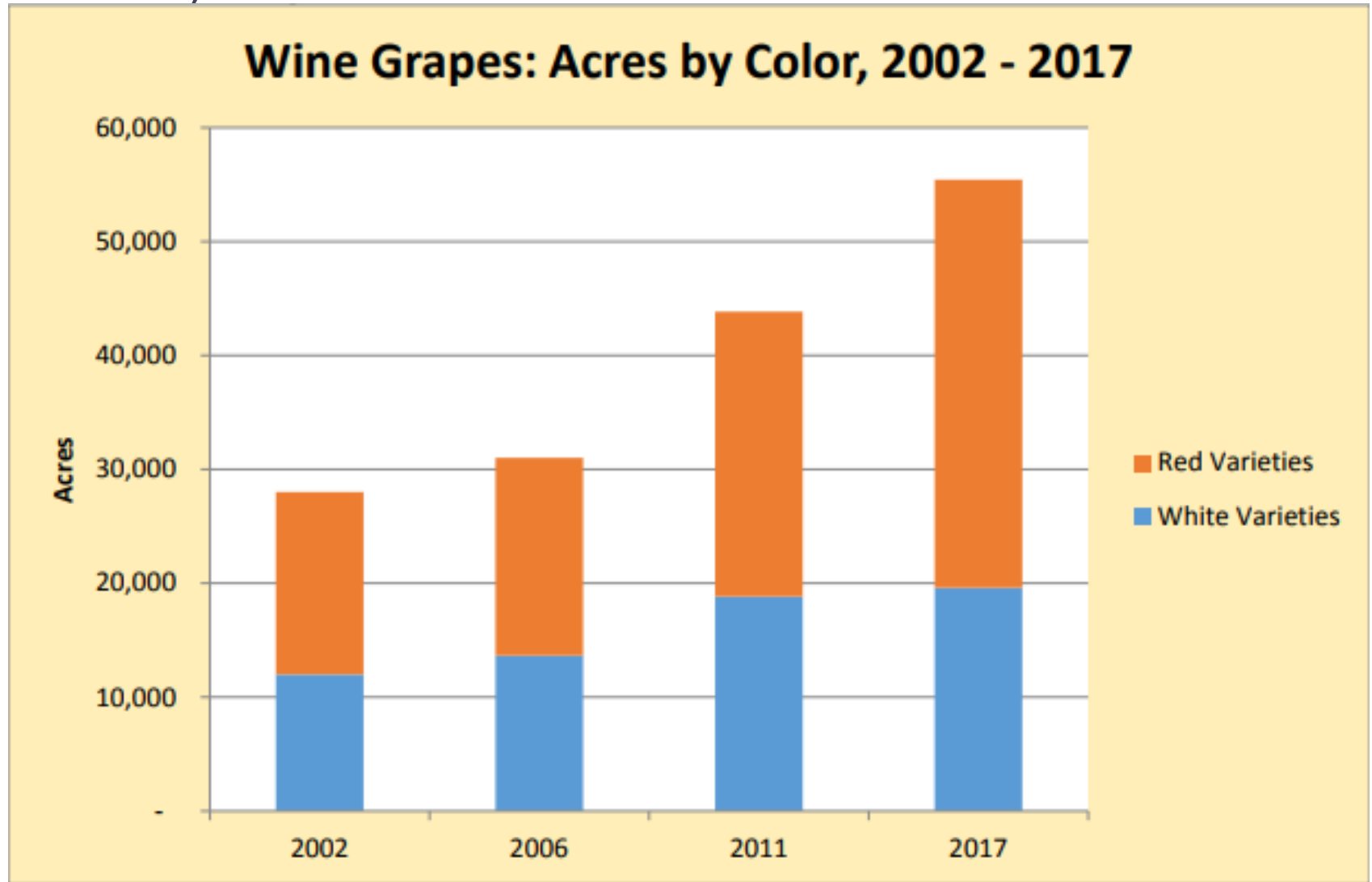
Source: IRI, Wines Vines Analytics. Domestic table and sparkling wine sales in multiple-outlet and convenience stores, 52 weeks ended July 15, 2018.

OFF-PREMISE SALES GROWTH RATE BY VARIETAL



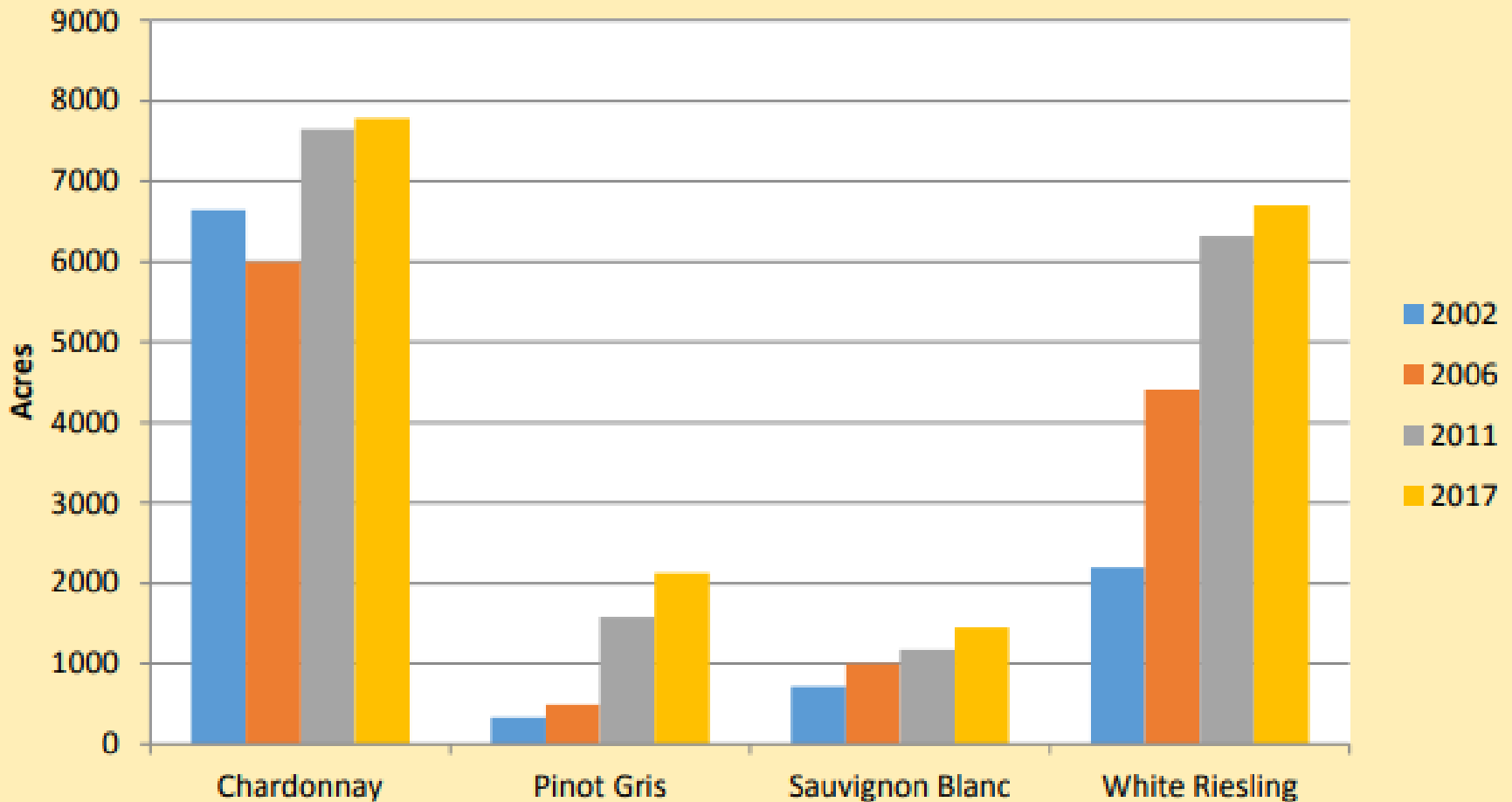
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Source: WA Vineyard Acreage Report 2017, USDA-NASS

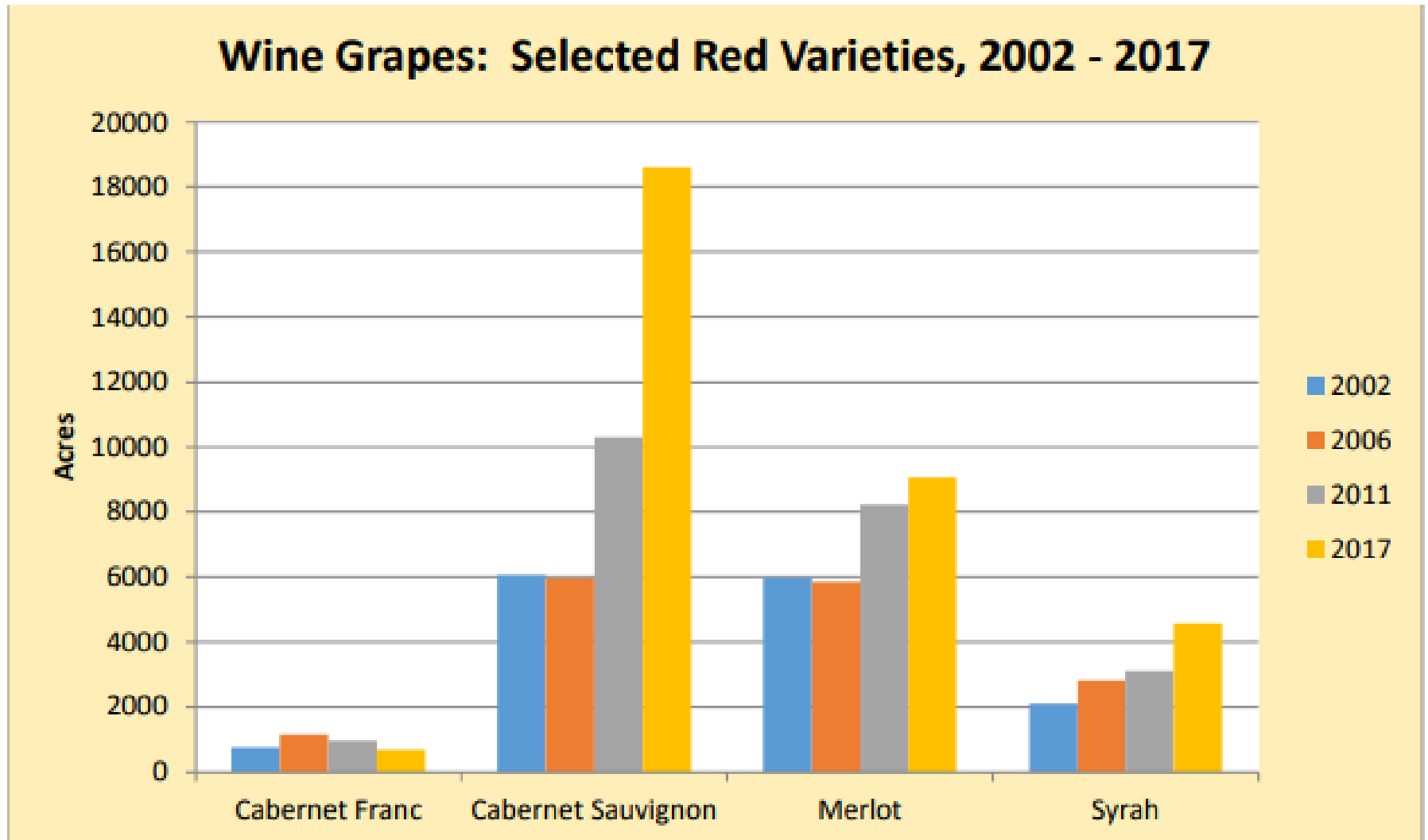


Source: WA Vineyard Acreage Report 2017, USDA-NASS

Wine Grapes: Selected White Varieties, 2002 - 2017

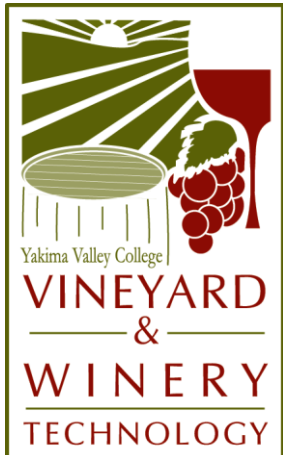


Source: WA Vineyard Acreage Report 2017, USDA-NASS



Thank You!

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



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