Allied Grape Growers

The Allied Press

Published for the Members of Allied Grape Growers,
a California Winegrape Growers Cooperative

Proceed With Caution

Recently, the State of California provided the grape industry with our first look at the official 2003 harvest totals. Obviously, no one knew for sure what the crop size was at harvest - the only thing that really mattered at that time was what everyone **thought** it was. Reality isn't always obvious, nor does it consistently drive market behavior. It's usually more a matter of perception.

Many industry experts perceived the winegrape crush to be even lighter than it turned out to be. This same statement can also be said about particular varieties in various regions. In the end, the winegrape crush ended up near 2.9 million tons. This was an 8% decrease from 2002 - not exactly a major downward movement in tonnage, but enough to cause alarm in the regions where the decrease was really focused. The region where the majority of tonnage decrease occurred was the San Joaquin Valley. If you total the interior regions alone, the winegrape decrease was approximately 10%, while the coastal regions combined actually produced 3% more winegrapes than the previous year.

So did prices react in accordance with supply? On a regional basis, yes. The San Joaquin Valley saw the spot market strengthen, while the coast experienced further spot market erosion. But even in consideration of the overall lighter crop, the average price paid to winegrape growers statewide actually dropped 5% - probably as much a function of expiring multi-year contracts as a weaker spot market or anything else.

So, are we really heading towards market equilibrium? In theory, you're always heading towards equilibrium, but is there a day when we'll get there anytime soon? Based on last year's crush numbers and spot market performance, we would say the market remains out of balance. However, there's a lot of "buzz" these days in the San Joaquin Valley. Optimism abounds. But a word of caution is due. An ample supply of grapes still exists in this state. Depending on where you're at in the state, you're either at the bottom of the cycle or just beginning your climb out.

There were many that believed the market overreacted to the large supply in the last few years. This may be true. However, just as easily as it reacts in one direction, it can react in the other. At this point, we are experiencing a balancing act, where crop size can have significant impacts on the market. A perceived shortage of grapes this harvest may really make things exciting in the San Joaquin Valley, while a large crop could slow down some of the momentum gained last year. The coastal market simply can't get much worse, but a short crop would give them a much needed bounce to begin their way back up & out of the market softness currently being experienced.

Things are looking up for many areas of the state, but we're not out of the woods yet. Growers should continue to make decisions based on economics, not emotion. This is still a fragile time in the industry. Proceed with caution.

What's Inside?

Upcoming Wine Industry Events

Friday, March 19, 2004
2004 Central Coast Insights
Embassy Suites
San Luis Obispo, CA

Tuesday, May 11, 2004
Vineyard Economics Seminar
COPIA
Napa, CA

FYI: You can access the California Grape Crush Report on-line by going to www.alliedgrapegrowers.org

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2003 PRELIMINARY GRAPE CRUSH REPORT HIGHLIGHTS
ALL DISTRICTS AND MAJOR VARIETIES (>10,000 tons statewide)

Description	PRODUCTION 2003 Tonnage	2002 Tonnage	% Change	PRICE 2003 Average	2002 Average	% Change	TOTAL VALUE 2003 Gross	2002 Gross	% Change
Statewide	3,366,143	3,787,139	-11%	$ 447	$ 453	-1%	$ 1,504,665,921	$ 1,715,573,967	-12%
Winegrapes+	See Below	3,104,581	N/A	$ 508	$ 536	-5%	N/A	$ 1,664,055,416	N/A
Thompson Seedless*	See Below	604,571	N/A	$ 95	$ 76	25%	N/A	$ 45,947,396	N/A
Table Varieties	70,368	60,629	16%	$ 90	$ 84	7%	$ 6,333,120	$ 5,092,836	24%
Burger	42,087	50,386	-16%	$ 171	$ 164	4%	$ 7,196,877	$ 8,263,304	-13%
Chardonnay	560,990	594,905	-6%	$ 661	$ 740	-11%	$ 370,814,390	$ 440,229,700	-16%
Chenin Blanc	96,689	117,875	-18%	$ 164	$ 158	4%	$ 15,856,996	$ 18,624,250	-15%
French Colombard*	See Below	312,937	N/A	$ 129	$ 116	11%	N/A	$ 36,300,692	N/A
Malvasia Bianca	11,415	12,435	-8%	$ 266	$ 234	14%	$ 3,036,390	$ 2,909,790	4%
Muscat Alexander	40,285	45,328	-11%	$ 182	$ 146	25%	$ 7,331,870	$ 6,617,888	11%
Pinot Gris	26,932	17,326	55%	$ 801	$ 854	-6%	$ 21,572,532	$ 14,796,404	46%
Sauvignon Blanc	81,122	76,587	6%	$ 747	$ 812	-8%	$ 60,598,134	$ 62,188,644	-3%
Barbera	71,967	90,118	-20%	$ 202	$ 201	0%	$ 14,537,334	$ 18,113,718	-20%
Cabernet Franc	15,444	13,681	13%	$ 1,693	$ 1,882	-10%	$ 26,146,692	$ 25,747,642	2%
Cabernet Sauvignon	395,729	379,183	4%	$ 978	$ 1,056	-7%	$ 387,022,962	$ 400,417,248	-3%
Carignane	26,713	43,301	-38%	$ 200	$ 175	14%	$ 5,342,600	$ 7,577,675	-29%
Grenache	61,455	98,825	-38%	$ 191	$ 150	27%	$ 11,737,905	$ 14,823,750	-21%
Merlot	260,891	306,992	-15%	$ 813	$ 915	-11%	$ 212,104,383	$ 280,897,680	-24%
Mission	11,734	10,124	16%	$ 168	$ 162	4%	$ 1,971,312	$ 1,640,088	20%
Petite Sirah	22,186	18,190	22%	$ 991	$ 1,044	-5%	$ 21,986,326	$ 18,990,360	16%
Pinot Noir	57,541	54,156	6%	$ 1,639	$ 1,857	-12%	$ 94,309,699	$ 100,567,692	-6%
Rubired	140,070	183,457	-24%	$ 158	$ 170	-7%	$ 22,131,060	$ 31,187,690	-29%
Ruby Cabernet	74,869	75,680	-1%	$ 227	$ 223	2%	$ 16,995,263	$ 16,876,640	1%
Sangiovese	11,171	14,460	-23%	$ 693	$ 723	-4%	$ 7,741,503	$ 10,454,580	-26%
Syrah	110,388	101,538	9%	$ 573	$ 654	-12%	$ 63,252,324	$ 66,405,852	-5%
Zinfandel	327,522	369,772	-11%	$ 428	$ 488	-12%	$ 140,179,416	$ 180,448,736	-22%
Dist 1 (Mendocino)	58,253	59,128	-1%	$ 1,204	$ 1,394	-14%	$ 70,136,612	$ 82,424,432	-15%
Dist 2 (Lake)	24,960	24,966	0%	$ 1,213	$ 1,306	-7%	$ 30,276,480	$ 32,605,596	-7%
Dist 3 (Sonoma)	159,886	183,139	-13%	$ 1,932	$ 2,035	-5%	$ 308,899,752	$ 372,687,865	-17%
Dist 4 (Napa)	128,138	130,100	-2%	$ 2,940	$ 2,875	2%	$ 376,725,720	$ 374,037,500	1%
Dist 5 (Solano)	15,926	17,815	-11%	$ 661	$ 805	-18%	$ 10,527,086	$ 14,341,075	-27%
Dist 6 (East/South Bay)	19,657	21,092	-7%	$ 1,031	$ 1,107	-7%	$ 20,266,367	$ 23,348,844	-13%
Dist 7 (Monterey)	195,561	160,918	22%	$ 998	$ 1,092	-9%	$ 195,169,878	$ 175,722,456	11%
Dist 8 (SLO/SB)	156,446	139,686	12%	$ 1,084	$ 1,204	-10%	$ 169,587,464	$ 168,181,944	1%
Dist 9 (Yolo/Colusa)	43,650	54,052	-19%	$ 338	$ 404	-16%	$ 14,753,700	$ 21,837,008	-32%
Dist 10 (Foothills)	14,085	16,485	-15%	$ 985	$ 1,064	-7%	$ 13,873,725	$ 17,540,040	-21%
Dist 11 (Lodi)	525,043	565,829	-7%	$ 388	$ 419	-7%	$ 203,716,684	$ 237,082,351	-14%
Dist 12 (Modesto)	261,746	276,733	-5%	$ 242	$ 258	-6%	$ 63,342,532	$ 71,397,114	-11%
Dist 13 (Fresno/Madera)	1,238,242	1,541,156	-20%	$ 153	$ 136	13%	$ 189,451,026	$ 209,597,216	-10%
Dist 14 (Kern/Tulare)	432,105	503,691	-14%	$ 134	$ 131	2%	$ 57,902,070	$ 65,983,521	-12%
Dist 15 (Los Angeles)	4,752	3,615	31%	$ 552	$ 679	-19%	$ 2,623,104	$ 2,454,585	7%
Dist 16 (Temecula)	3,040	3,815	-20%	$ 845	$ 849	0%	$ 2,568,800	$ 3,238,935	-21%
Dist 17 (Delta)	84,653	84,917	0%	$ 516	$ 529	-2%	$ 43,680,948	$ 44,921,093	-3%

***Thompson Seedless and French Colombard numbers in Preliminary Report are inaccurate due to a reporting error.**
***It is estimated that over 400,000 tons of Thompson and close to 310,000 tons of Colombard were crushed in 2003.**
+The total 2003 winegrape tonnage is estimated at less than 2.9 million tons, based on the cited inaccuracies with French Colombard

Verdict please........................

The preceding page summarizes some key numbers from the 2003 harvest, and although people are probably much more interested in what *will* happen rather than what *did* happen, it is important to understand where we're at to know where we're going.

As a blanket statement, even though the shorter 2003 crop masked it to some degree, it can be said that the supply of winegrapes in the coastal areas continues to increase as new acres come into production and move towards full production, while the supply of winegrapes in the northern interior (Lodi, Clarksburg) remains relatively stable, and the Central Valley supply is decreasing. We expect this trend to continue through 2004, given a "normal crop". To further generalize, we will probably see more in 2004 of what we saw in 2003. Of course, the supply side of things is only half the equation. What will 2004 consumer demand do to help guide buyers? That has yet to be determined.

As far as pricing goes, the crush report indicated that average pricing was down as a whole, and even within most categories, from 2002. An interesting thing to note is that, by variety, the prices that increased from 2002 were almost entirely San Joaquin Valley driven (i.e. floral varieties, generic whites, generic reds, raisin and table varieties). Varietals on a statewide basis continued to decline in average price, due to both soft spot markets in various regions and continually expiring multi-year contracts.

The implication is that there was still plenty of varietal winegrapes in the state to fulfill buyers' demands as compared to the previous year, even with the "shorter" crop of 2003. One bizarre, but justifiable, phenomenon to note is that there were only three crush districts that showed average price increases over 2002. Can you guess which ones? That's right..... Napa is one of them. The other two: Fresno/Madera & Tulare/Kern. Not three regions you generally see mentioned together, but in this case, they were the only regions where growers received more per ton, on average, than in 2002.

If 2003 offered a glimpse of the future for the coast, we could be in trouble..................................

The coastal regions are going through growing pains....the kind associated with a growing grape supply. The below tables show that even with production down for many varieties, average prices were also down. That is due to the simple fact that as more grapes come into production, and off of contracts, there is a higher percentage of the overall supply on the spot market.

If you examine the below average price table there were only 12 district/variety combinations (out of 64) where price increased. For Merlot and Cabernet Sauvignon, the kings of California red varietal production, all coastal districts experienced average price declines - even if they experienced lighter crops. The take-home message is this: The coast is in an oversupply situation that likely will not be corrected immediately, especially for Cabernet Sauvignon. Without acreage adjustments (i.e vineyard removals, grafting, etc.) we are in a situation which we are patiently waiting for demand to catch back up to supply.

Production Percent Change, from 2002 to 2003

	Mendocino	Lake	Sonoma	Napa	Solano	Bay Area	Monterey	SLO/SB
Chardonnay	9.2%	-19.8%	-23.8%	-14.5%	-9.2%	-20.3%	35.6%	5.2%
Sauvignon Blanc	2.1%	-12.1%	-3.6%	7.6%	24.8%	-24.4%	4.3%	-5.2%
Pinot Gris	39.8%	N/A	-16.8%	14.1%	-6.0%	N/A	197.0%	50.4%
Cabernet Sauvignon	1.8%	16.4%	12.5%	21.5%	14.1%	45.5%	16.9%	27.2%
Merlot	-5.3%	10.2%	-27.6%	-25.0%	-17.1%	-18.5%	-6.9%	-15.4%
Pinot Noir	8.9%	N/A	-5.6%	3.1%	3.1%	-32.2%	36.7%	-4.0%
Syrah	18.0%	38.5%	5.1%	14.6%	22.1%	12.7%	32.5%	30.1%
Zinfandel	-25.8%	3.3%	-14.8%	-17.4%	-41.1%	-15.9%	5.3%	20.7%

Average Price Per Ton Percent Change, from 2002 to 2003

	Mendocino	Lake	Sonoma	Napa	Solano	Bay Area	Monterey	SLO/SB
Chardonnay	-13.7%	-38.8%	-8.7%	-7.4%	-6.3%	3.4%	-9.8%	-2.7%
Sauvignon Blanc	-9.7%	-16.7%	-5.8%	0.1%	-14.6%	10.9%	7.7%	-3.5%
Pinot Gris	-18.7%	N/A	-11.8%	5.8%	4.4%	-4.5%	-5.5%	9.5%
Cabernet Sauvignon	-8.2%	-6.4%	-5.4%	-0.9%	-43.1%	-26.7%	-10.3%	-13.5%
Merlot	-20.5%	-28.0%	-9.6%	-4.2%	-26.4%	-10.7%	-10.4%	-9.3%
Pinot Noir	-25.9%	N/A	-6.1%	-2.9%	-3.4%	-3.0%	-10.8%	10.3%
Syrah	-10.5%	8.7%	-8.9%	1.6%	-16.2%	-20.4%	-4.2%	-14.4%
Zinfandel	-12.8%	-2.6%	-6.4%	4.3%	11.6%	-0.7%	-37.1%	-17.8%

Are the interior regions livin' in the past?.....................................

The below graph says a lot. It really gives a great visual picture of the supply side of the interior regions. Specifically, what it shows is that the San Joaquin Valley as a whole, and particularly the central and southern regions were back to the total winegrape production levels of the late 1990's (when times were good!). There were actually less winegrapes crushed south of Lodi in 2003 than in any of the preceding five years. Is it any wonder the market looks and feels stronger than in 2001 & 2002?

So why aren't the prices what they were six years ago? Some of the major differences from the late 1990's to today are summarized in the following table:

Late 1990's:	Today:
No/Low Wine Inventory	Sufficient Wine Inventory
Economic Expansion	Economic Uncertainty
Optimisitc Sales Forecasts	Cautious Sales Projections
Profitibility/Margins	$2 Wines
Coastal Grape Shortage	Coastal Grape Oversupply
Healthy Raisin Industry	Unhealthy Raisin Industry
Competitive Buying	Relatively Less Competition

There is no doubt that the smaller grape supply has had a positive effect on the market, but there are many other factors that exist today that make the 1990's marketplace still seem so distant. The good news is that we are clearly on our way back up. The question is whether or not we will ever have the right combination of other factors to bring back the prosperity of the 1990's. We're not counting it out!

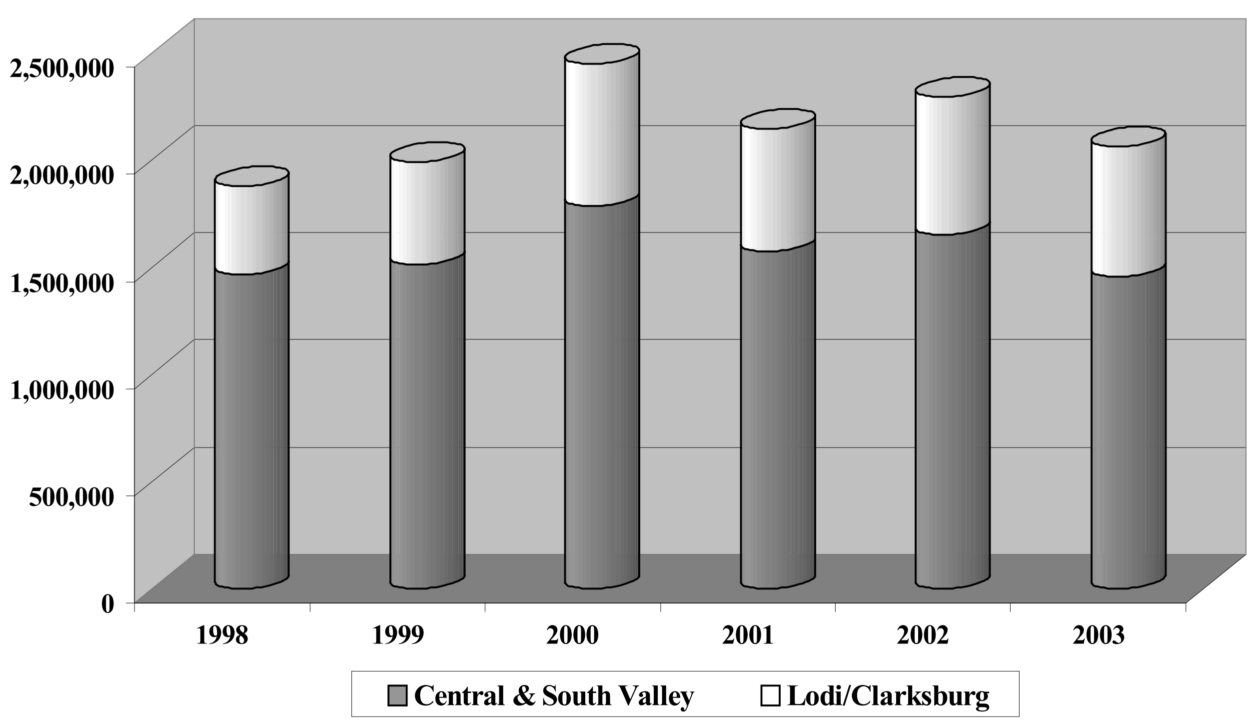
The northern interior (Lodi/Clarksburg) has experienced more of a supply plateau where the supply hasn't changed too dramatically in the last three years. The pullouts in those areas have helped to some degree, however, many of the pullouts are turning into new plantings and we are seeing grafting taking place as well. In these regions, winegrapes are a primary crop, and there doesn't seem to be as many alternatives for production. Many growers end up staying with what they are familiar with.

As far as the Central Valley goes, a big question in a lot of growers' minds is, "What will the bottom of the market bring this year?" (i.e. concentrate) Fortunately, we can report that concentrate inventories don't exist in California. However, South America is just starting harvest, and they are optimistic that they can take advantage of the demand for concentrate and the shortage of California supply. But ultimately, as if we've never said this before, it depends highly on the strength of the raisin industry in 2004. That doesn't necessarily breed optimism to most growers, based on where we've been recently, but continued pullouts are helping to bring supply/demand back in balance. The questions that come to mind however are these: Are we increasing raisin consumption? Are we planting DOV systems that are going to, at least in part, make up for the supply lost to pullouts? Those are two very important questions that need to be understood to effectively guess where the raisin industry is going in the intermediate term.

Overall, 2004 looks, and should be, stronger than 2003 for most grapes in the interior regions. We expect Zinfandel demand and pricing to be stronger (there is already measurable market activity). Florals are in high demand currently and we expect throughout harvest. Most varieties in the central and southern SJV will fall into pricing levels between $150 per ton and $300 per ton depending on variety, with Thompson pricing being highly dependent on equivalent raisin return.

Lodi/Clarksburg should see strengthening markets for Chardonnay as well as a stable Merlot market. However, Cabernet Sauvignon still looks to be a market "dog". Crop size will be an important factor for all varieties.

Total Winegrape Tonnage from Interior Regions, 1998-2003



2003 - A record setting year in more ways than one for wine shipments..................................

Right about the time we've presented you with enough detail to be concerned about the future of the grape market, we'll turn the corner and talk about wine shipments. That will definitely put a positive spin on the whole scenario.

2003 was a strong year for wine shipments from California but also from our foreign competitors. In fact, it was a record setting year. According to the recently released Gomberg Fredrikson Annual Report, "Wine shipments into U.S. trade channels reached another new high in 2003, advancing 5% to nearly 264 million cases. Sales volume expanded by 13 million cases, with the increase split almost equally between California wines (up 6.8 million cases or 4%) and imports (up 6.2 million cases or 10%)." Furthermore, "Total California winery shipments worldwide climbed by 12.3 million cases, up 6.3%."

We're definitely moving the wine! There is one slight problem though. Much of the wine movement was at the lower price points where margins are small. The sales prices and movement of wine has been based on lower product acquisition costs and/or deep winery discounting, where inventories have been huge. But as long as we are getting our heads above water, it is a good thing for the short term.

There wasn't a single month in 2003 where California wine shipments were less than the same month the previous year. We are on "a roll" and the great news is that with the softer dollar, the roll looks to continue as consumers shift away from foreign wines showing price increases and back towards domestic product. Exports of California wine were also impressive in 2003. Now representing 15% of California wine gallonage, exports accounted for 32 million cases last year according to the Gomberg Fredrikson Report.

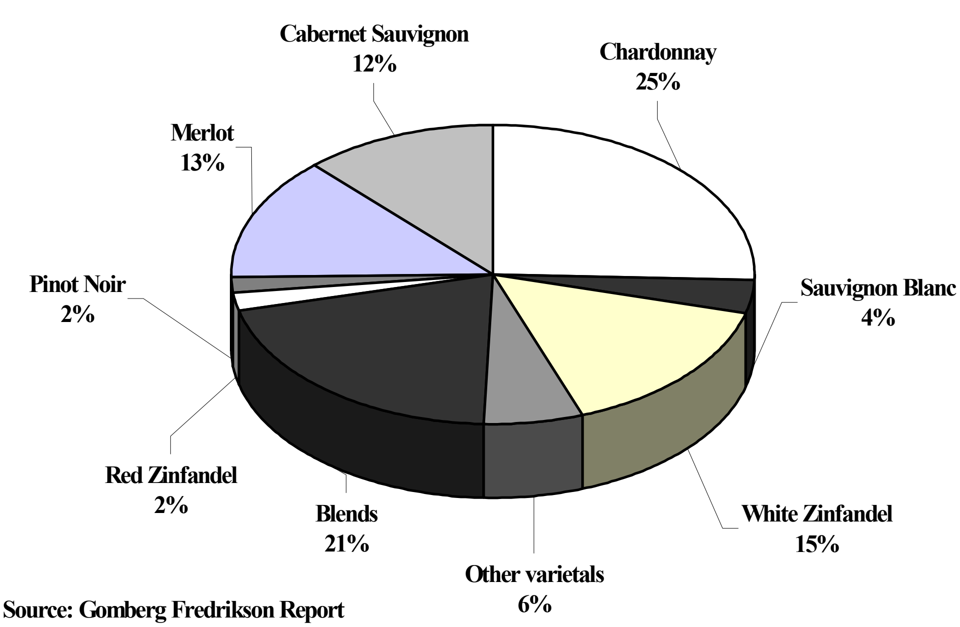
There is some bad news in all of this. Imports gained a lot of ground the last couple of years and now account for over 1/4 of all the wine consumed in the U.S. these days. That is a significant foothold in our backyard, and there is little likelihood of that changing anytime soon, given the attractiveness of the U.S. market to foreign suppliers. Among our main competition in 2003 was Australia. Once again they had an incredible year of growth in our home markets. When looking specifically at bottled wine below 14% alcohol, Australia experienced 39% growth in one year! Also posting solid gains in our markets were Argentina (up 20%), New Zealand (up 28%) and South Africa (up 19%). These new world wine producers simply see lots of opportunity in the U.S., and even though exchange rates may slow them down, it definitely won't cause them to go away.

Among the various categories, the Gomberg Fredrikson Report indicates that although jug wines were down, bag-in-the-box products and "extreme value wines" (all of which are below $3) were up more than enough to offset it and caused a slight increase in overall shipments (on a huge base) within this category. Within the $3-7 range, shipments were actually down slightly (est. off 1%) primarily because of cannibalization from the <$3 segment. The $7-14 range was up approximately 5%, even in light of super competition from imports, and the ultrapremium category of wines (above $14) saw great growth at around 8%. It is interesting to note that even though this "small" segment represents only 11% of the volume, it is roughly 33% of winery revenues. For the record, bulk wine shipments were also up considerably with help from foreign importers who are turning towards bottling the product themselves rather than purchasing bottled California product.

From a varietal standpoint, Chardonnay remains the undisputed king. The next closest varietal competitor is White Zinfandel, and even that is little more than half the "size" of Chardonnay. Merlot continued its role as the third largest varietal mover followed closely by Cabernet Sauvignon. The below pie chart breaks down the 2003 California varietal & blended wine volume (out of 156 million cases total).

Overall, looking at it from a shipments standpoint, we have every right to be optimistic. Things are definitely on an upswing. 2003 was the largest shipments growth year in seven years. The trick now is twofold: number one- maintain the growth rate, number two- experience more of the growth in the higher priced categories.

2003 California Wine Volume Breakdown



Source: Gomberg Fredrikson Report

President's message: Get engaged!....................................

As I prepared to write this message, I carefully reviewed the recently released 2003 Preliminary Grape Crush Report, information presented at the 2004 Unified Winegrape Symposium and past newsletters of Allied Grape Growers. I found that The Grape Crush Report didn't surprise us with any shocking information. It is, however, a good tool to use as a benchmark for growers to see how they did in comparison to their neighbors in regards to varietal prices as well as a report on tonnages by district and variety. Information is a useful tool when accurate and utilized properly.

Allied Grape Growers is proud to note that our growers received prices for their 2003 crop that were comparable to and in many cases above the average prices paid. In some cases we were only able to obtain the spot market price, and in other cases growers were paid slightly higher than the average price, while still others were paid prices that reflected the highest price paid for a particular variety and/or district. My compliments go out to the growers, the fieldmen and the staff who all worked together throughout the season for your success.

Unfortunately, there were some grape sales in the industry that were disappointing. Even though the overall crop was down, we saw prices drop on the spot market significantly. This is in direct opposition to all teaching about what to expect in typical supply and demand curves. Usually when supply is low demand (prices) is high. However, 2003 grape growers may have experienced low supply, low demand (winery buying activity) and lower prices. As I have stated in the past, the industry has made some supply adjustments (notably the 80,000-90,000 acres of grapes removed in the San Joaquin Valley) but we still need to work on the demand side of the equation.

As we begin the 2004 growing season, most of the vineyards have been pruned and buds are swelling and bursting out. Soon we will be counting bunches, checking shoot positioning and reviewing ET to predict irrigation needs. We will be completing viticultural tasks that will provide a quality supply of grapes that we can economically produce while we try to anticipate what price will be paid. This is always a difficult time for growers who don't have a specific contract, and have to spend their money in anticipation of what the value of their crop may be. In many cases one can control their input costs, but not their revenue.

Many Allied members already have contracts specific to their vineyards and may have viticultural practices that are required. For those members who do not already have a specific contract, Allied has already begun marketing your grapes. We will continue to sell your grapes at the best price possible, work with you in evaluating viticultural practices, costs and keeping you informed of marketing conditions throughout the season.

The industry and individual growers can work together on the supply side of growing grapes, whether by vineyard removals, halting new vineyard plantings or making crop adjustments. However, Mother Nature with the upcoming frost season, the bunch count, the fruit set and the bunch development will have the final decision on supply and quality. As growers, you must *engage* your Allied fieldmen, the UC Extension Farm Advisor and your winery representative to help you in producing a quality and economically profitable crop.

As the 2004 crop develops, we must also work together to keep up the demand for our grapes and the demand for California wine. We can develop this demand by *engaging* the wineries in discussions to understand their needs, their requirements and their prices. Again, you also need to *engage* your Allied staff to help you and keep you informed. All parties involved need to *engage* and communicate with each other and be diligent in keeping up a good rapport.

Beyond the grower/winery issues, growers need to *engage* their family and friends to buy California wine. When you go to a store or a restaurant, *engage* the owner or manager to promote the sale of California wines. Be proud and protective of the California wine industry that you are such a vital part of.

I would also like to challenge you as Allied members to *engage* your fieldmen, administration staff and board member. Talk to us about what you see, hear and feel about the industry and your association. I encourage you to participate in the upcoming district meetings in April and the annual meetings in July.

I also encourage you to *engage* yourself in your local grape grower associations and the California Association of Winegrape Growers (CAWG). These associations are there to help you and help to promote and protect the winegrape industry. But their success is dependant on your participation and support. While Allied Grape Growers represents you in the growing and the marketing of your grapes, these associations are also helping you with issues that are important for your success.

"CAWG was founded in 1974 to represent the interests and concerns of wine and concentrate grape growers. Its mission is to advocate public policies, research programs and trade positions that enhance the ability of wine and concentrate grape growers to contribute to California's economy, environment and employment base." You can visit their website at www.cawg.org. Join today and begin participating in your future.

As we begin the active growing season of the 2004 grape crop, may I extend an invitation to *engage* your Allied staff to work with you for a successful season.

P.S. It's not too late to *engage* the political process by donating money to the Allied Grape Growers' State and Federal Political Action Committee Funds. We use the dollars very strategically to make sure the voice of California grape growers is heard, both nationally and statewide.

Vit tips: A look back and forward for this growing season...............

Winter Weather

As grape growers, we look for two things from the wintertime. One is sufficient rainfall to refill our soil profiles, and a second is enough cooler temperatures so that our vines can experience full dormancy.

Rainfall: In the Central and Northern Valley, this winter's rain pattern has been similar to that of the last few years. Currently, the interior valleys are 3-4 inches behind normal. The Central Coast is roughly even with normal, and the North Coast has experienced above normal rain fall amounts.

Region	Actual Rain (7/1-2/29)	Normal Rain (7/1-2/29)	Normal Rain (7/1-6/30)
Central SJV (Fresno)	5.3"	8.5"	12.4"
North SJV (Lodi)	9.4"	13.6"	18.5"
Central Coast (Paso Robles)	7.0"	6.6"	10.5"
North Coast (Napa)	32.4'	27.8"	36.6"

For the interior valleys, growers should be prepared to check their soil moisture levels early in the season, depending on how much additional rain is received. The situation for the Central and North Coast should be very near normal.

Chilling Hours: In order to begin normal growth in the springtime, grapevines require a minimum of 100 chilling hours during dormancy. A temperature of 45° F is ideal for chilling. Temperatures of 32° F and lower contribute little or nothing to the chilling received by a grapevine. Therefore, a temperature range of 32° to 45° F is used to calculate chilling hours.

As of the end of February, we have easily acquired sufficient chilling hours for all grape growing areas in California. Selected locations are summarized in the following table:

Region	Chilling Hours (Nov.1 - Feb. 24)
Central Valley	770-900
North Valley	640-780
Central Coast	360-840
North Coast	640-750

Preventing Frost Damage

Bud break is upon us, particularly in the San Joaquin Valley. Now is a good time to review what growers can do to minimize the potential for frost damage.

Low Temperatures: After bud break, temperatures below 31° F have the potential to cause injury to succulent shoots and flower clusters. A vine is particularly vulnerable if warm temperatures and rapid growth have immediately preceded a frost condition. The younger the vine tissue, the more vulnerable it is to frost. Some general guidelines regarding potential damage based on temperature are:

@ 31 degrees	***possible*** damage to succulent shoots & flower clusters
@ 30 degrees	***likely*** damage to recent growth (slight chance if only 2-3 hours long)
@ 27-30 degrees	***damage varies*** directly with duration of low temperatures & daytime temperatures preceding the frost
@ 26 degrees & lower	only a few hours ***will kill all green shoots & flower clusters***

One of the best preventative measures we can take to minimize frost damage is to have clean cultivation (no weed growth) and a bare, firm, moist soil surface. This allows the soil to absorb heat during the day and transfer it to the air at night for a better chance to survive a cold night. Now is the time to start preparing the soil surface of vineyards to help minimize the potential for frost injury.

Any soil condition other than bare, firm and moist will have the effect of making the vines more vulnerable to frost injury. Some vineyard soil conditions and their effect on low temperatures are:

Soil Condition	Decreases Temp in Vineyard By About
Shredded cover crop, moist soil	½° F
Low growing cover crop, moist soil	1-3° F
Dry, firm soil	2° F
Freshly disked soil (fluffy)	2° F
High cover crop	2-4° F

Canopy & Crop Load Management

The tools available to growers to manage vine canopies and crop loads begin with judicious pruning during the winter. Some of the activities that you should consider during the spring and summer are:

1. Spring shoot thinning and suckering when the shoots can still be easily snapped off by hand. This is a very economical way to reduce canopy congestion and reduce crop size.

2. Crop thinning after set is advantageous when a high percentage of the berries have set during bloom. This is a more costly approach to crop thinning.

3. Managing canopy size with irrigation by imposing properly timed stress on the vines to limit the foliage growth. This is the most effective means of managing canopies and less costly per acre than any of the thinning activities.

Vine Nutrition & Fertilization

Bloom is one of the best times during the year to find out if vines are getting all the nutrients they need. A laboratory analysis of petioles (leaf stem) can help you decide how much nitrogen fertilizer is needed and if there are any other nutrients that could be limiting production.

Petiole vs. Blade Analysis: During the last few years, the use of leaf "blades" for nutrient analysis has been promoted instead of "petiole" analysis. Leaf blade analysis has been popularized because it has traditionally been used in several European countries. Notwithstanding what is popular, University of California research has consistently shown that the use of leaf blades is not as reliable an indicator of vine nutrition as is the analysis of petioles. In addition, blade analysis is typically more costly than petiole analysis.

Prebloom Foliar Zinc: The role of zinc in grape production has been well understood for many years, but surprisingly this micronutrient is sometimes the main reason for lower production and lesser quality grapes. Vines deficient in zinc tend to produce straggly clusters with fewer berries than normal vines. Berries usually have a range of sizes from normal, small, to very small (shot) berries. In addition, the smaller than normal size berry never reaches full maturity.

Fortunately, a foliar application of zinc made within the two weeks before full bloom has proven to be the best and most effective way to improve zinc levels. Good coverage on the under side of the leaf is very important since, this is where the majority of the zinc will be absorbed. The top of the leaf does not play a major roll in zinc uptake.

Many zinc compounds and products have been evaluated in trials. Research has consistently shown that neutral- or basic-zinc products are the most effective. These include zinc sulfate at 4 to 5 lbs/acre or zinc oxide at 2 to 3 lbs per acre. Chelated zinc or nutrient combinations typically are much less effective because they have very little actual zinc content.

A dilute spray of 100 to 150 gpa is more effective than a concentrate at 30 to 40 gpa. Dilute applications should be used for moderate to severe deficiencies, and concentrate for slight to moderate deficiencies. Zinc sulfate or zinc oxide typically costs less than $5.00 per acre.

When Will Bloom Time Occur?

It is important to know when grape bloom will occur each season in order to plan for prebloom zinc foliar sprays and to sample petioles for nutrient analysis. Depending on the spring temperature, bloom can occur anytime during a four-week period. Projecting the time when bloom will occur each year can be done with reasonably good accuracy by calculating degree-days starting at bud break. For the North Valley, Central Valley, and Central Coast areas, weekly updates of projected bloom timing are available at the AgQuest web site starting shortly after bud break. For North Coast bud break projections, feel free to contact California Ag Quest direct and speak with Ron Brase.

"Vit tips" is written by Ron Brase of California AgQuest Consulting. For additional information on any of our "Vit tips" columns, please contact Ron Brase at (559) 275-8095 or visit their web site at www.CalAgQuest.com

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Allied Grape Growers

Wine sales need all the help they can get, and they're getting some.

Newly created "California Grown" tags – known as bottleneckers – are now available to state wineries as a tool to help market their product. Similar in design to a tie and placed over the neck of the wine bottle, the special bottleneckers serve as a visual point-of-purchase reminder to consumers that the product is produced from California winegrapes.

While "California Grown" signs now appear in virtually every major grocery chain throughout the state through advertising, point-of-purchase displays and special promotions, labeling on individual products is a new trend emerging in the marketplace. California wine now joins California grown grapes and freshly caught California King Salmon in utilizing the distinctive blue and gold "California Grown" license plate logo directly on their products.

The Buy California Marketing Agreement (BCMA) is a joint effort of 27 industry groups representing the products of California's farms, ranches, forests and fisheries. Working as an advisory board to the California Department of Food and Agriculture, BCMA brings together industry and government resources to increase the awareness, consumption and value of California agricultural products, helping the state's consumers enjoy the best of the California life-style.

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Be Californian **Buy California Grown**℠

North Coast Winegrowers to hold equipment auction.........

North Coast Winegrowers Association will be holding an equipment auction of consigned and donated equipment on Saturday, April 24, 2004 at 9 AM in Santa Rosa at 201 Lavell Road (Hwy 101 & River Road). An inventory preview is available from 9 AM to 6 PM Friday, April 23, 2004.

If you would like to consign or donate equipment or for more information, please contact the North Coast Winegrowers at:

(707) 578-8331

North Coast Winegrowers

This edition's Member Profile features Stanislaus County grower Ken Yonan....................

The Yonan family's existence in the United States extends back to Chicago where Ken Yonan's parents first lived when they moved from their homeland in the mid 1920's. By 1938, and in spite of the depression, the family had saved enough money to buy some land. So they came to beautiful Central California, specifically Turlock. They bought a 12½ acre block of raisin grapes, which effectively started the Yonan's in grape farming.

Ken has two older sisters and a younger brother, but Ken was the only sibling to go into farming. In 1944, when Ken was three, his parents bought another 12½ acres which they planted to Carignane and Thompson grapes.

As a farmer's kid, Ken started working in the fields by doing simple chores like dusting DDT with a gunny sack for cut worm. He later irrigated and pruned, but by far, the best was yet to happen. In 1951, his dad bought their first tractor, and Ken got to drive it! Ken laughs and says, "You could never guess how many vines I pulled out French Plowing before I got the hang of it!"

Ken went to Turlock High School and attended Modesto Jr. College before going to work for Pacific Telephone. He was drafted into the Army in 1964 where he served until he was honorably discharged in 1966. He then returned to work for the phone company.

In 1974, Ken decided phones weren't all there was in life and got married. He and his new bride moved back to Turlock in 1976. A year later, they had their first child, a boy who they named Keena after Ken's father. A daughter, Sargina, was born in 1980 and they named her after a very good friend of Ken's. Ken and his wife bought their own farm in 1978- 33 acres of Thompson's. He says that it was very interesting working full time and farming because his a wife was a flight attendant and was gone a lot.

The Yonan's joined Allied Grape Growers in 1982 before the "bad" years of the 1980's, so he's been through a couple of these cycles now. During the 1980's Ken was the President of the Telephone Company Union in Modesto, which by his accounts taught him a lot by being able to look at both sides of the fence. Tragically, Ken's wife was killed in 1989, and Ken subsequently retired from the phone company in 1990, enjoying full time farming.

Before too long, Ken was blessed by having the opportunity to meet his present wife, Wendy. They became married in 1995. Wendy had a wonderful daughter named Alicia, who Ken calls "his good buddy plus a great daughter."

In the mid 1990's, Ken pulled out the Thompson's on their 33 acre home ranch and planted half to Chardonnay and half to Merlot. Ken had also purchased another 22 acres which consisted of 10 acres of Thompson's and 12 acres of open land. In 1996 he planted Merlot on the open 12 acres, and ended up pulling the Thompson's out last year. Besides grapes, Ken works 22 acres of Almonds as well, but he states that grapes are really his love.

Ken says, "I try to grow good wine." So in 2002, when he was asked to be a director for the newly established Central California Winegrowers Association (CCW), he accepted. "I think that with hard work and growers willingness to help, we can make a big difference with the CCW by promoting and producing quality wines in the Central Valley.", states Ken. He believes that every Central Valley grape grower should support CCW so that it continues to develop into a very viable entity.

Besides being a member of Allied, Ken is also a member of the California Association of Winegrape Growers, Telephone Company Pioneers, and the Assyrian Catholic Church in Turlock. Ken says, "Whatever you've heard about me outside of this article is false - don't believe it!" Actually Ken, we've heard a lot about you, and you have no reason to deny any of it! It's all good.

If you would like to follow Ken's advice regarding the CCW and become a contibutory participant, you can contact Ron Metzler, the newly appointed Executive Director, at (559) 618-1856 or write to CCW at P.O. Box 12584, Fresno, CA 93778-2584.

Allied Grape Growers is a California Cooperative Association serving its members through the effective and equitable marketing of their grapes.

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