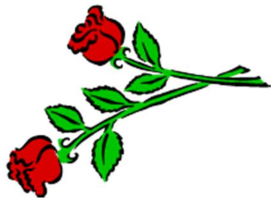
Market Dynamics

Cut Flowers Europe – August 2014

2 September, 2014



The Netherlands

Netherlands Auctions

The July auction data on cut flowers are published as follows: The July cut flower turnover increased by 10.7% vs the same month of last year, realised with a supply decrease of 4.6%, resulting in an average price for all flower types together of 18 Eurocents (last year 15.4 cents) per stem. Better prices this year for nearly all products, but the absolutely best performing products were: chrysanthemums spray, lilies, eustoma, freesia, chrysanthemum single headed, and helianthus.

July was characterised by the supply of lower quantities, for slightly higher prices. It was expected that after the nice spring weather and the nice early summer weather many products would arrive in the market earlier than normally.
As during the whole year, so far, nature in Western Europe was all the time some three-four weeks ahead, compared to normal years. This means however that certain products arrived in the market earlier, and that the production terminated earlier as well.
This was shown in the Dutch supplied quantities during the whole month of July. Those quantities were considerably lower with about 5%, while prices were 2.5 cents higher.

For July those prices could be called satisfactory. It can be expected that production and supply will be influenced till the end of the autumn. Import flowers were therefore more demanded and their prices were higher than normally in previous years.
Best performing products were: chrysanthemums, roses, gladiolus, lilies and eustoma.

As from the beginning of August the supplies, from both, domestic production and imports, remained reasonably moderate. African roses were even shorter in supply.
However during the last two weeks of the month those quantities gradually increased every other day. Also the general quality level improved.
Prices in the auction increased also quite considerably, mainly due to very good demand for the first of September, the day of the beginning of the schools, especially in the Eastern European countries and in Russia.

Netherlands Importers

The July 2014 floriculture products exports from the Netherlands are published by Floridata/VGB as follows: The July cut flower turnover increased by 2%, compared to the same month of last year. The best results were obtained from: United Kingdom (+ 9.3%), France (+15%), Switzerland (+23%), Poland (+11%), and Austria (+13%).
Regressive results were in: Italy (-3.8%), Russia (-7%), Belgium (-7.8%), Sweden (-10%), and Other Countries (-10%).

July was a bit of a funny month in the cut flower business. In general lower quantities were supplied, while prices were slightly higher. The funny thing was that due to the mild winter, the nice spring, and the good summer weather, so far this year, the local production and supply were considerably influenced. Many products came earlier into flowering, but the products also disappeared from the market earlier than normally.

As from the spring till now, nature is ahead with about three or four weeks. Even though July was a very nice summer month, total supplied domestic products were not very big. Demand normally is lower, because most of the people had their summer holidays.

As from the very beginning of August the market really drastically improved. Many traders and consumers came back already, and they started buying and consuming cut flowers and cut foliage right away. Many products that were cheap in July, especially roses and summer flowers, became much more expensive in August. In many cases prices increased with some 40–50% when compared to July. Imported roses, especially those originating from Africa, were supplied in much smaller quantities. Nonetheless, Ecuadorian roses were supplied in bigger quantities, at least until the end of July. In August supplies gradually diminished again.

Certain products such as: wax flowers, cymbidium orchids, proteas and leucospermum cordifolium and cape greens started gradually to arrive in the market in bigger quantities already. Prices were satisfactory.
During the second half of the month the market further strongly increased. Very good demand came from Eastern Europe and Russia for the first of September. The day that schools are starting and children take flowers and bouquets to school to give to the teachers; a nice and more and more important becoming tradition.

France

During the whole month of July the cut flower market was absolutely slow and calm. Hardly any demand and sales; less than the same month of the past years.

Traders reported that the school vacations were the reason to the slow market. It was also quite warm. Many people were on vacation, and if not - they hardly bought any flower or houseplant.

It is expected that the market will not really recover during the coming weeks, because the school vacations are ending at the very end of August. So it can be expected that the market will, hopefully, improve as from the first week of September.

Germany

The same as last year, the cut flower market turned out to be very good, taking into consideration the period of the year. In July the weather was still rather good, nice, sunny and moderately warm. Not hot anyway.
As was reported many times this year, the mild past winter, the nice spring, and the good early summer weather had and still has a tremendous influence on the local, but also on the whole Western European production.

The so-called free-land (freiland) roses and other flowers disappeared from the market some three-four weeks earlier than normally. The same happened in, for instance, the Netherlands, the biggest cut flower exporter to Europe. Therefore, total supplied quantities were relatively low and the lowest of all the year. Not difficult to see that prices have been very high, taking into account the period of the year.

It was heard from the Netherlands that prices during the third week of August were the third highest of the year, after Valentine's Day and Mother's Day. That can be called remarkable. Many years July and August were the months with the highest supplies and the lowest prices of the year. As said total supplied quantities were not high at all, not from domestic production and also not of import. Production in Kenya and Ethiopia were rather low, due to weather circumstances. August is the coldest month of the year in Kenya. Another problem was the general quality level of the roses, which was far from being perfect. Due to the colder and wet weather typical diseases of mildew and botrytis showed up.

Towards the very end of August the first shipments with the so-called South African products arrived in the market. These are products such as protea, leucospermum cordifolium, cape greens, and wax flowers; the typical autumn products.

Norway

The summer 2014 has turned out to be with very nice and sunny weather, with very high temperatures; exceptional for the Scandinavian countries. This has had quite an impact on the cut flower and plant demand and sales during the whole month of July. Sales turnover of cut flowers and plants decreased by some 20%, compared to the same month last year.

As from the beginning of August all gradually and considerably improved. During the first two weeks of August turnovers increased by some 15% when compared to August of last year, and when compared to July the increase was much higher.
Importers started to bring in more quantitates again and they could sell much more to wholesalers, supermarkets and florists again. All those companies were gradually building up their stocks again and consumers who came back from their summer holidays started buying more flowers and plants again.

Immediately after the real summer time traders started working with calunas and ericas already. Those products were demanded very well, especially since the weather has changed drastically, when temperatures decreased with some 10 degrees.

There was a certain shortage of good quality African medium and small roses. The production over there was negatively influenced by dark and rainy weather, while on the other hand producers started building up their new plantings.
On the other hand prices of roses started increasing in the European markets since the last two weeks.

During the last two weeks of the month the cut flower market further improved; more demand and sales, even though prices were higher; especially for products originating from the Netherlands, which really became expensive. The given reason was the low supply, both from the Dutch production as from import.

Spain

As traditionally during the months of July and August, the cut flower and plant demand and sales were very low. The lowest of all the year was reported by importers, wholesalers and florists. Many wholesalers and florists did even close their businesses during a couple of weeks. They learned during past years that it is better to close and not to lose money. Returns would be so low, that the costs would be much higher that the possible gains.

It can be expected that the cut flower market will gradually improve as from the beginning of September.

Sweden

The whole summer was very nice, but hot; one of the hottest in the past century.
On the other hand July in particular is “the” summer month of the year, when most of the people are on their summer holidays. Therefore the market was extremely slow and quiet, even more than in many previous years.

This situation lasted until the very last days of July. Suddenly as from the beginning of August the weather changed drastically and temperatures when some 10 – 15 degrees down when compared to July. At the same moment many people came back from their summer holidays already, since the schools are starting as from the 18th of August.

Most wholesalers, supermarkets and florists started to build up their stock of cut flowers and plants adequately. At the same time purchase prices for nearly all products went up considerably, but demand and sales were good enough to cope with the higher prices.

Switzerland

At the beginning of the month of July the cut flower market was very slow and quiet. Of course summer holidays were in full swing and quite some local products and quantities were available. Importers had to adjust the quantities, mainly due to the strong price differences between the domestic products and the more expensive import products. However throughout the rest of the month of July the market recovered considerably to a very acceptable level.

Toward the very end of the month and throughout the first two weeks of August the market really recovered rapidly. Many wholesalers, supermarkets and florists were gradually building up their stocks again to be ready when the first big wave of people coming back from their summer vacations, and would start buying flowers and plants again.
The first wave was coming back in the weekend of 15th of August and the rest followed in the two weeks after.

On the supply side of the market plenty of Ecuadorian roses and of tropical flowers, such as heliconia, tropical greens, and other products from different countries were plentifully available.
On the other hand African roses, in particular those produced in Kenya were moderately available, which was called normal for the period of the year. Those quantities

were gradually increasing during the last two weeks of August, but they are expected to increase more as from the beginning of September.

Also the first small shipments of the South African assortment of proteas, leucospemum cordifolium and the whole range of cape greens, are arriving. Demand for those products was still marginal, but increasing every other day.

United Kingdom

Throughout the whole month of July and August the cut flower market was not too bad and considerably better when compared to last year and to many other previous summers. The major given reason was the moderate supply; because many typical summer flowers disappeared from the market earlier than normally. This was caused by the very nice spring and early summer weather, when nature was ahead on the normal situation by about 3 till 4 weeks.

Another reason was that this year there was much more demand for wedding celebrations. Either there were more weddings, or more flowers were used. Most of the available products were supplied and offered from domestic production and from imports originating from the Netherlands, where prices were also higher than last year; but they were still acceptable.

The summer vacations are still in full swing. The first people are expected to come back at the very end of August and even more on the beginning of September. Therefore more demand and sales of cut flowers and cut foliage can be expected.