International Trade Centre

Market Dynamics

Cut Flowers Europe – August 2015

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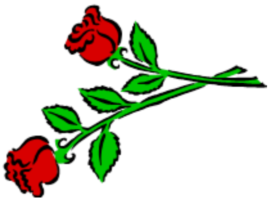

The Netherlands

Netherlands Auctions

The June 2015 turnover of cut flowers in the FloraHolland auctions increased by 4.3% compared to June 2014, realised with supply increase of 6.5%, resulting in an average price for all products of 20 Eurocents per stem (last year 21 cents).
Better prices for: lilies, freesia and carnations. However much lower prices for: chrysanthemum spray and single headed, peonies, and hydrangea.

The July 2015 cut flower turnover decreased by 1.2% compare to the same month of last year, realised with a supply decrease of 2.8%, resulting in the same total average price for all products of 18 Eurocents per stem.
Better prices for: hydrangea, eustoma, and single headed chrysanthemums. Much lower prices for: lilies, peonies (from 79 last year to 30 cents this year) and helianthus.

As can be noticed from the auction data, prices and results during the month of June were very good. From the three summer months June was the best.
The second was July and the third was August. Usually August was the best, during many previous years; however not this year. A bit unexpected, because the conditions in August were considerably better and easier than normally.
In July the weather was much warmer than in 2014, and there was hardly any rainfall; normal reasons for price fall.
An important factor was the production and supply of the biggest summer product peony. Due to the cold weather in April and May the production was late and products came into the market in moderate quantities. Then, during June and July the weather became warm and sunny. Suddenly nearly the entire production of peonies (at least 75%) came as boom to the market, with great negative impact on the prices. After the season is finished now it can be concluded that the peony season 2015 was disastrous.

The product which really became much cheaper (some 25%) was chrysanthemum; both the sprays as the single headed. The major reason is that this product was hardly exported to Russia, while this country was normally importing very big quantities. All had to do with the devaluation of the Russian Rouble (with some 40% vs. the Euro) and a certain import obstacle by Russia on floriculture products from Holland. Other European countries could not swallow these quantities sufficiently.

Netherlands Importers

The June 2015 export data from the Netherlands were published by VGB/Floridata (Exporter's Union). Exports of all products – cut flowers, house and garden plants together – increased by14.6%, compared to the same month last year.
The strongest and double digit percentage increases were realised to: United Kingdom, France, Italy, Poland, Sweden and Other Countries. A relatively small increase to Germany. Negative results to Russia and Austria.

The July 2015 export turnover increased by 5.4% from July 2014. The biggest and double digit percentage increases to: United Kingdom, Poland, Sweden and Other Countries. Again negative results to Russia and Austria.

The cut flower market during the months of June and July was reasonable, even though the summer weather was rather good with many sun hours and sometimes higher temperatures. During one week in July even a heat wave was noticed.
Prices in general were lower than in other months, but when compared to previous years all could be called slightly positive.

Importers reported that they advised their foreign suppliers to minimise the quantities and this had, for sure, a positive impact on the prices. The market was therefore hold in reasonably good balance.

Towards the end of July the cut flower market gradually and slightly improved, and this continued during the first week of August. However, in the second week the market slowed down again, while during the third week all improved again to a normal August level.

Per product however big differences could be noticed this summer. A disastrous season for the peonies. The season started slowly with good prices, but during the warmer weather and heat wave production was booming in a few days only. Prices went down to half the price of the normal. Also the end of the season was not good at all.
Chrysanthemum prices were also much lower than normally. The reason was the much lower export of this product to Russia, due to the very low level of the Russian Rouble.

Considerably better prices were quoted for products such as: hypericum, temporary also for solidago, for gypsophila, astrantia and asclepia. As said, from the third week of August the cut flower market was increasing again, also due to more demand, since in several countries, also in the Netherlands many people were already back from their summer holidays.

France

During the three summer months June, July and August the cut flower market was slow and quiet, which was nothing really special. Normally in the summer months the market is slow, nearly dead, according to importers and wholesales, but this year it was worse. Even florists had much less to do and many of them closed their shops for a number of weeks. This is the trend already during the past several years. As they say: "it is better not to lose money than not gaining anything".

From the supply side everything was plentifully available, except of cut foliage, in particular leather leaves and salal. Hence, these products were considerably more expensive.

The temperate cut flowers did not have any special demand or sale. It is expected that the market will improve as from the beginning of September when the school holiday and also the normal summer holidays are over.

Germany

The cut flower market during the months of June and July has been rather good and satisfactory and better than the same months of previous years.
In June the first wave of so-called 'free land' (freiland) flowers and roses arrived in the market in big quantities. That has had some impact on the imports of many types of flowers, and in particular on roses.
At the same time there was some over-supply of Ecuadorian roses, many of them were routed before to Russia, but since the devaluation of the Russian Rouble by some 40% vs the US Dollar these roses became too expensive for the Russian traders and consumers. Many of these Ecuadorian roses were re-routed to the different European countries, in many case for bargaining prices. Luckily the East African roses were supplied in slightly lower quantities, mainly due to the off season and the relatively colder season over there.

In August the cut flower market has been slower, which was unexpected and not the same as during many years before at the same month.
As reported in our reports of the last years, August had become one of the best months for good flower demand and sales and for good prices. Also this year the supplied quantities during the month of August were lower than in all other months of the year. Still demand was not sufficient to swallow the quantities adequately.

Prices in August were considerably lower than in the same month last years, especially when compared to last year, which was an exceptionally good year. It will be interesting to see what the cut flower market is going to be in September and if demand and prices are going to increase.

Italy

○The June 2015 cut flower market was not super, but it was neither too bad. It could be called normal, given the period of the year.
During the entire month of July the market was poor, mainly because of the very warm, even hot weather, with temperatures up to 40° – 45° C. No interest for cut flowers at all.

In August however the market improved considerably. Normally August is the best month of the three summer months and so it was this year. Towards the end of the month most people are coming back from their summer holidays and so it was again this year.
Many florists who closed their shops for a number of weeks, came back and they had to build up their stocks again. Also consumers slowly started to purchase cut flowers again.

On the supply side of the market enough products were available, from the entire offered assortment; especially the products originating from the Netherlands.
Roses and chrysanthemums were amongst the cheapest products. It was reported that the chrysanthemums from the Netherlands were so cheap, because the Russian authorities put strict phyto-sanitary measures on Dutch floriculture products, which had a strong impact on the import.

Ecuadorian roses were more than plentifully available, also due to less quantities shipped directly to Russia, mainly because of the strong devaluation of the Russian Rouble versus the US Dollar. Therefore much more quantities were offered in Italy, especially of the red varieties. Therefore these roses were offered for bargaining prices.

Norway

This year's weather, so far, has been very strange, which had quite some negative impact on the cut flowers and garden plants demand and sales. The weather in April and May was still so bad that absolutely nothing was done in the garden. Due to this situation many garden plants could not be used or traded, but on the other hand they all arrived to the market in the June and July. A boom of products in a short time is always giving disturbances in the market and it has also a negative effect on the prices in general. All in all the garden plants season was moderate or even poor.

For cut flowers demand and sales in bad weather are mostly positive, because consumers have to stay indoors and then they are more easily buy cut flowers. On the other hand June and July are the most typical summer holiday months in Norway.

As from the beginning of August the cut flowers market was gradually improving every other day and as from mid-August, when the school holidays were over, the market became good and normal for the time of the year.
Only throughout the second week of the month there was a temporary slowdown, but all improved throughout the third and fourth week of August.

Another important factor was the exchange rate market. Due to enormous fluctuations in many foreign exchange rates, such as : the Euro, the US Dollar, The Swiss Franc and the Russian Rouble , the Norwegian Crown was also very much affected. The Norwegian Crown towards to Euro was 8 NKR to one Euro last year and now the rate is NKR 9.20, which means higher prices for all imported products, amongst them also cut flowers.

Spain

As traditionally the cut flower market in Spain during the summer months is always very slow and calm. This year was no exception to that unwritten rule. Consumers are hardly interested in purchasing any cut flower, except for weddings and funerals.

Many wholesalers and florist therefore closed their business for some weeks. Their motto is better not to lose than to earn only a very little. The economic situation in the country was very poor throughout the past years. It is only a little better now, or better to say "less bad". This can be felt in the cut flowers demand and sales, but only on a very low pace.

Only as from mid- August the cut flowers market was gradually and very slightly improving. It can be expected that the improvement will really be materialised as from the beginning of September only.
Many importers and wholesalers are already planning their purchases towards the All Saints period at the beginning of November, especially for products like: chrysanthemums, carnations and roses.

Sweden

The summer situation has been very strange. From weather point of view the summer has not been very nice or good, so bad for people. The flower business however it was not too bad, even better than normally during June and July, when most of the people have their summer vacations. So demand and sales have turned out to be better than expected.

However, as from the beginning of August finally the summer weather arrived with temperatures of around 25°C and more. This development was good for people, most of them already back from the vacation, but at the same time less good for cut flower demand and sales. So, the old saying: ”the weather is your salesman” is still a right and true saying in cut flower business.

During the last few months much more cut flowers were imported from the Netherlands, mainly due to the offered wide assortment and the relatively lower prices; even lower when compared to directly imported flowers from the African and South American countries. And it is much easier and faster from point of view of logistics. Today buying and tomorrow receiving already and that in exact quantities one was ordering.

Throughout the month of August the cut flower market gradually improved, but not as much as it used to be in previous years.

Switzerland

Throughout the month of June the cut flower market has been rather good and positive. Supplies were not too big, demand was reasonably good and prices of most products were quite stable and not too low.
This market situation lasted until the first week of July. After that July became a real slow and calm month with more supplied quantities and much lower prices caused by lower demand of course.

As from the first week of August the cut flower market really improved considerably. Mainly due to the ending summer holidays, especially of schools.
As from mid- August all school holidays were over and the cut flower demand further increased.
On the supply side gradually more African roses entered the market again; however, due to weather conditions (rainy period) some quality problems occurred such as mildew and botrytis. As from the

third week of the month the quality level gradually slightly improved again, but still it was not 100%.

Ecuadorian roses were plentiful all the time and the quality level was good. As said supplied quantities from this country exceeded the market capacity and the present demand, so that price pressure arose. Only with adjusted lower prices clients and consumers were interested to buy them.

As from mid-August improvement was felt in the demand for exotic products, and for the entire cut foliage assortment. As from the third week of August the weather became considerably less warm, with temperatures of around 20°C, which was very positive for the market and for more cut flower consumption.

United Kingdom

During the summer months of June and July the cut flower market was nothing really special. Demand and sales were not extremely poor, but they were neither special, extra nor super. Heavy competition was felt from supplies from the Netherlands. Two major reasons were the exchange rate situation between the British Pound and the Euro, which was very much in favour of the Euro. Therefore, Dutch products were considerably cheaper than other directly imported products from other overseas production and supplying countries.
The second reason was that certain products which were normally exported from the Netherlands to Russia were mainly re-routed to England. The best example was the chrysanthemum. Russia used to be a big importer of chrysanthemums toward 1 September, while UK too is a good market of the same product.

In August the cut flowers market was gradually and slightly improving, but still nothing special at all. All hopes are put on September when the summer holidays are over.