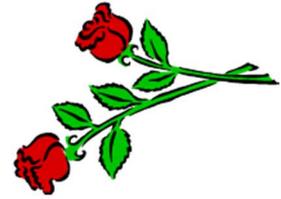


Market Dynamics

Cut Flowers Europe – December 2014

13 January, 2015



The Netherlands

Netherlands Auctions

The November 2014 FloraHolland auction's turnover decreased by 1.5%, realised with a supply decrease of 3.3%, resulting in a total average price of 24 Eurocents per stem for all flowers; nearly the same price as in the same month last year. Higher prices were noticed for products like: gerbera, lilies, lisianthus/eustoma and hydrangea. Lower prices for: spray chrysanthemum, hippeastrum/amaryllis, tulips and cymbidium orchids.

After the reasonable demand, sales and results obtained during the all Saints and all Souls Day's celebrations, the rest of November could be called rather slow and quiet. Not really abnormal for the month of November, when so many new, seasonal and alternative products were around in the market.

Products used for the Advents period and Christmas, such as alternative cut foliage types, Christmas greens, Christmas trees and many alternative and decorative products.

Roses were supplied in lower quantities, but prices were not higher; they could be called even relatively low. A general average price of 9 Eurocents per stem for the whole group of small and medium roses was not high at all. In August the prices were around 15 – 16 cents.

Tulips were, so far in the season, supplied in much bigger (+20%) quantities than in previous years, and prices were much lower. The more supply was a result of the weather throughout the whole year 2014, with no winter, a mild spring and a very nice summer. This had a great impact on the production of cut flowers, but also on the cultivation of new bulbs.



Total December supplies increased by 12%, compared to the same month of last year, leading to a turnover increase of 1%, but in general prices were lower; lowest for tulips with a priced decrease of 50%. Also rose and chrysanthemums were cheaper than normally. Those three products are the top 3 of the flowers assortment.

Final Christmas demand, sales and results ended up positively, but throughout the very last week of the year prices dropped considerably, especially for the mentioned major products, but also for other important products such as: gypsophila, solidago and hypericum.

Netherlands Importers

The November 2014 cut flower- and plant- export figures from the Netherlands are published by the VGB (wholesalers association). The export turnover of all floricultural products in November 2014 has increased by 1.9%, compared to the same month of last year.

Absolute best and double digit percentage increases for: France, Switzerland and Poland. Good results also to: United Kingdom, Sweden and Austria. Negative results to : Russia (minus 23 %) and Other Countries; also lower results to Germany, the biggest client of the Dutch floriculture.

Accumulatively from January to November 2014 exports increased by 2.6%.

December figures were not available yet, they will be published in the next report.

During the whole month of November the cut flower market has been rather good and satisfactory. Total supplied quantities of nearly all products were reasonably moderate, at least no oversupply. Prices were slightly higher when compared to last year.

Accumulatively the total exports until the end of November were only but slightly higher than last year. As said, the market was positive, especially also the final demand, sales and results of the All Saints and All Souls Days' celebrations. Nearly all products had higher prices, except of roses and gypsophila and, in the second half of the month, also solidago.

During the first two weeks of December the cut flowers' market became much more moderate, even slow, which was called normal, given the period of the year, the time of the Saint Nicolas (5 December) period and the period towards Christmas, the so called 'lull before the storm of Christmas'.

The Christmas and New Year's week were not very successful, and much less good when compared to many previous years at Christmas time. First reason was that the actual festivity days took place on a Wednesday and Thursday. So that many people took a day off on Friday (called the bridge) as well and therefor they could take short vacations, which meant no demand for cut flowers at the same moment.

Prices on the auction dropped down to much lower levels, because of low demand. The same happened, as said, for the New Year's week.

Absolutely lowest prices for many import products as well, in particular for: roses, solidago, hypericum and gypsophila.

Prices of the South African assortment such as proteas, leucospermum cordifolium, cape greens and wax flowers remained good and positive.

Another very important reason for low demand was the low demand from and exports to Russia and Ukraine, all due to the political and financial situation in these countries. The Russians currency decreased with some 40% toward the Euro and the US Dollar, which meant that import products became much more expensive.



France

Throughout the whole month of November and the first half of December the cut flower market was slow and calm. Hardly any special demand and sales for the first and second of November, because the tradition in France is more use of potted plants, mainly of chrysanthemums and some other flowering autumn plants to be placed on the grave yards. At the same moment less use of fresh cut flowers of any type. Relatively more use of cut foliage, traditional as non-traditional types and varieties. Much less demand and sales of temperate flowers, such as roses, carnations and others, but also of tropical products, which was, of course, nothing new.

In autumn and winter circumstances it was always and still is difficult for those products, because it is difficult to keep the quality level in the cold with low temperatures.

Germany

The final All Saints and All Souls days' demand sales and results were reasonably good and satisfactory. However, not as good as in the old days, when this event used to be a peak moment in sales of flowers. Nowadays people are using less fresh cut flowers to place on the graves. Firstly, all the younger generation does not have the same attitude as the older generation, who were much more generous in this aspect. Secondly, much more alternative and artificial products are used nowadays. Somehow it is understandable, because fresh products are very sensitive to weather circumstances; more than artificial products.

Right after the mentioned event the cut flowers market slowed down quite considerably to a very moderate market; less demand and sales; even though prices for most products were not very high. All in all the November month could be characterised as having been more or less normal when compared to many previous years.

During the first two weeks of December the cut flower market remained very identical to what happened in November. In addition, less use of traditional products and more use of non-traditional products, such as the whole assortment used for Christmas; lots of greens, Christmas trees, wreaths of any kind of product and many decorative products. Like during the past years, wholesalers and florists ordered and bought their requested products only but very late. However, at the end nearly all products could finally be sold.

Ecuadorian roses were offered more plentifully than normally, most probably as a result of fewer orders from Russia, due to the problem of the Russian currency.

Red and white roses were sold with premiums, but not as high as in previous years. And not all quantities could finally be sold.

So, finally Christmas sales could be called quite positive and reasonably satisfactory.

However, during the post-Christmas week the market slowed down to an absolute low level. Even though prices for nearly all products originating from the Netherlands were very low, demand was lowest and so were the turnover and the profits.



Italy

The All Saints and All Souls day's final results turned out to be very good, the same as it was all previous years. However, right after those events the cut flower market slowed down to a very low level. No demand, very bad weather with lots of rain, even floods, in certain regions, and no sales. This because people had other worries than purchasing flowers. They had to clean and to repair all the damages caused by the bad weather.

Importers and wholesalers did maintain and kept the stocks as limited as possible, but one have to keep a certain volume all the time of the entire assortment.

Also during the first two weeks of December the cut flower market did not improve at all, which was also called normal, just before the important flower consumption event of Christmas. In those weeks lots of alternative and traditional Christmas products are used; a difficult period for importers, because they had to plan and to order products for the approaching event, even without having pre-orders or commitments from their clients. The tradition of the past years is that those clients are waiting to order and to buy at the very last moment. So, in order to have enough flowers Importers had to take the risks. Finally the wholesalers and florist did purchase the quantities at the very last moment. Therefore, final Christmas sales and results turned out to be rather satisfactory, but not super as in many past years.

However right after Christmas the market slowed down drastically, just because less selling days and due to the fact that consumers either did not buy, or went on a short vacation to the snow or to the warmer places.

Norway

November was never a very special cut flower month, most probably even one of the weakest months of the year for cut flower demand and sales. So it was this year as well. Results turned out less good when compared to previous years. In 2014 less 8% than in last year. It is a month just between two important cut flower consumption events of All Saints Day and Christmas. Well, some positive development happened during the first Advent Sunday at the beginning of December. However, also for this event results have been slightly lower when compared to previous years.

As from the beginning of December and throughout the first two weeks of the month all became much livelier again, mainly in planning and ordering enough quantities to be used for Christmas. Lots of amaryllis and hyacinths, both on pots as of cut flowers. In addition, more use of tulips already, lots of cut foliage types, both traditional and of non-traditional types. Many decorative articles, but also temperate flowers such as roses and carnations. The normal use of carnations has to be multiplied during the December month with about 7 or 8, in particular for red and white varieties.

During the first half of December the cut flowers turnover was already +4% when compared to the same period of last year. Christmas sales turned out to be quite normal; nothing spectacular anyway, and not better when compared to previous years.

The New Year's week was even quieter and slower, due to so many actual festivity days, and therefore days-off for people/consumers. The cut flowers market therefore has been slow and disappointing. It can be concluded that all was not such a positive situation at the very end of the year.

Spain

The final All Saints and All Souls days' demand, sales and results turned out to be excellent, and the same good as in previous years. Also this time it was proved that this special flower consumption event in Spain was the most important of all the year.

However, throughout the rest of the month the market for cut flowers and cut foliage was very slow, also nothing abnormal given the period of the year.

Only as from the beginning of December the market gradually and slightly improved again. More special products that were used for Christmas, such as carnations, roses, amaryllis, tulips and many cut foliage of the traditional, but even more of the non-traditional types.

Sweden

Traditionally November is never a very special month for cut flower demand and for cut flower sales. This year was no exception to this tradition. However, it was for sure not a bad month; and when compared to November 2013 it was slightly better.

Anyway turnovers were higher, sold quantities were higher, only margins were lower, mainly due to the currency exchange rate, especially against the US dollar.

One of the importers said that the currency exchange rate of 20 years ago was Skr. 1.65 to the Dollar. At the moment it is Skr. 7.75 to the Dollar, quite some difference.

Towards the end of November, during the first Advent's Sunday at the beginning of December and throughout the first half of the month of December the cut flower market was more in the mood of the special autumn, winter and Christmas products. Products such as, non-traditional greens, Christmas greens, Christmas trees, special compositions and wreaths of mainly greens and other articles and many decorative articles and products. Demand and sales of temperate fresh flowers is more or less normal given the period of the year, with extra demand for all red and white flowers.



Both, the Christmas as the New Year's demand and sales have not been too bad. To the contrary, all has turned out to be rather positive, without talking of a euphoric situation. Thanks to the relatively mild weather cut flowers could be sold all the time, even on street sales. Real winter weather is reported only from the very northern regions, where not many people are living.

Switzerland

The cut flower market during the whole month of November turned out to be rather good, but normal given the period of the year. Good demand, sales and results during the period of the celebrations of All Saints and All Soul's days, especially made with the typical products used in the graveyards. Products such as proteas, leucospermum cordifolium, cape greens and many decorative articles and cut foliage products.

However, there was also good demand for other products such as so called fillers like hypericum, limonium and many others.

Roses were plentiful all the time, especially the Ecuadorian ones, while the African roses

were not supplied in huge quantities. The general quality level of the East African roses was temporary lower due to the wet weather conditions. Products were infected with mildew and botrytis several weeks, but towards the end of November the quality level was good again.

As from the beginning of December and continuously throughout the first two weeks, the traditional cut flower market was moderate. However, that was called normal for the beginning of December and the approaching period of Christmas.

Still there was a certain over-supply of Ecuadorian roses, while the African rose supplies were gradually increasing.

Christmas and New Year's demand and sales turned out to be rather moderate and nothing very special. Pre-orders were hardly placed; but finely traders bought at the very end and nearly all quantities were finally sold out.

Plenty of Ecuadorian roses war available this year, even red and white colours, which were in previous years always scarcely available. Therefore prices had to be kept rather moderately.

Final results tuned out to be reasonable, but not special this year. Traditional cut foliage sales were moderate during the whole month of December.

United Kingdom

The cut flowers market throughout the whole month of November and the first two weeks of December was not very spectacular. To the contrary, demand and sales were rather slow and quiet. Even though prices for nearly all products originating from the Netherlands were cheap, interest of wholesalers, florists and consumers was minimal. November is never a special month for cut flower business, but this year seems to be even quieter than in the previous years.

There was during the second week of December a slight increasing interest for flowers in red and white. On the other hand there was hardly any interest for colours like pink, yellow and most of the other colours. In such environment, it was extremely difficult to plan and to order enough assortment and quantities for the approaching Christmas market. No pre-orders were received, and no commitments were made, which made it very difficult for importers to decide how much to order. The tendency during the past years is that importers and florists are ordering only but in the very last moment.

