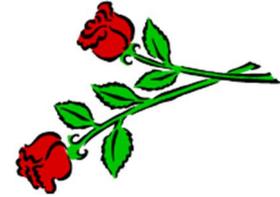


# Market Dynamics

## Cut Flowers Europe – June 2014

7 July, 2014



### The Netherlands

#### Netherlands Auctions

The May 2014 cut-flowers auction figures were published. May cut flowers turnover has decreased very strongly, by 15%, when compared to the same month of last year, realised with a supply decrease of 5%, resulting in a total average price for all cut-flowers of 23 Eurocents per stem (last year - 26 cents).

The big differences were a low production last year (due to cold and rainy weather) with rather high prices, compared to a moderate supply this year (with a nice, warm weather and a much earlier harvest this year), with much lower prices. Nearly all flower types fetched lower prices, especially roses, peonies, lisianthus and hydrangea. Prices were slightly higher for cymbidium orchids.

As during the month of May, also in the beginning of June - the cut flowers market, demand and prices remained moderate, in general. Of course, there were some exceptions - positive exceptions for anthurium, ornithogalum, peonies and solidago. Remarkable was the situation of peonies this year – it came much earlier into production, due to the very nice spring weather. On the other hand, large quantities were flowering in a too short period of time, which resulted in very low prices. During the first two weeks of June suddenly the production dropped down by 50%, and immediately prices recovered. It was, however, not enough to make the season 2014 a positive season for the growers.



Still, most products were oversupplied and demand was not good enough, resulting in much lower prices for products such as: alstroemeria, chrysanthemums, delphinium, spray and standard carnations, germinis, gladiolus, helianthus, hypericum, small and medium roses, trachelium and veronica.

The prices of eustoma, limonium, lilies, big headed roses and spray roses remained relatively steady.

During the ongoing Football World Cup Championship many orange flowers were offered and used in Holland.

Throughout the last two weeks of the month the weather has become more moderate, with temperatures between 18°C and 22°C - very good conditions for better demand and sales of flowers. Also prices slightly increased again.

## Netherlands Importers

As during the whole month of May, also the first half of June was not special at all for the whole cut flowers branch.

Mother's Day - in most of the European countries, Japan and the USA, but also towards the end of the month in France and Sweden - was disappointing in terms of demand and turnover. First of all, total supplied quantities were considerably bigger than last year; however they were more or less equal to the quantities in 2012.

Prices for nearly all products were considerably lower than last year and also lower than in 2012. That made turnovers smaller, and so were exports also lower.

From demand point of view nothing spectacular was reported. To the major important countries exports were considerably lower, especially to Germany, France and Russia. Also to the Ukraine, but that is a country in the top 10 till 20. The political problems in this region were probably to be blamed for the mentioned situation.

Roses demand and prices, especially those of the small, medium and spray roses, but also of hypericum, were very low and disappointing.

Solidago and gypsophila supplies were lower, demand was better and prices were higher. The first quantities of the new production of protea, leucospermum cordifolium, and wax flowers arrived in the market, especially those originating from southern African production countries.

Throughout the second half of the month prices for nearly all products were slightly higher. East African roses were less plentiful due to their rainy weather. Here and there roses were infected with botrytis or mildew.

Ecuadorian roses were used in much smaller quantities, partly due to sufficient availability of domestic big-head roses of excellent quality, and for much lower prices.

Many domestic summer flowers became available earlier than normally, which had its impact on the imported quantities. However even for imported products prices could be called satisfactory, especially for: hypericum, gypsophila, solidago, eryngium, molucella, astrantia and clematis.

## France

Right after Mother's Day, which took place on the last Sunday of May, the cut-flowers market became calm and slow, with hardly any demand and sales, and even then - only in marginal quantities and for lower prices.

Purchase prices were absolutely low, especially for all products originating from the Netherlands, but still it was difficult to sell sufficient quantities. Importers started to adjust import quantities, especially those originating from Colombia, Ecuador and from the African supplying countries.

Certain quantities were still imported from the Netherlands, where most of the assortment normally comes from, but as said, for the currently low prices.

However, as a result of lower sales and lower prices, profits and margins were very restricted and in many cases not even big enough.

## Germany

The final May 2014 cut flowers selling results were disappointing. May is normally one of the best months of the year. Several reasons were given, such as - more supplied domestic products and quantities, especially of the peonies and other early summer flowers, which all came into production much earlier and in a shorter period of time, when compared to normal years. This year, so far, is not normal, as was reported in several prior reports, due to the very mild winter and the very nice spring weather. As said, it boosted productions into blooming within three to four weeks, including the Freiland (Free or open land) production of roses and lots of other types of summer flowers.

During the first week of June supplies were absolutely too big to be swallowed by the low demand, which had a tremendous negative impact on the prices and on the margins. As traders reported, they were working for nothing. Sometimes even losses had to be taken into account. Throughout the second week of the month the cut-flowers market improved just very slightly and prices were slightly higher. However, an increase of a very low price is still not much. Throughout the last two weeks of the month the cut-flowers market only slightly improved; most probably for a short period of time, because the school summer holidays had started as of the very end of June or the beginning of July.

## Italy

At the very end of May and throughout the first week of June the cut flowers market had turned out rather good and positive. Demand, sales and results have been reasonable, taking into account the period of the year.

However, during the second and the third week of June the market slowed down quite considerably. Still, flowers were demanded and sold, but due to the low prices, the profits and the margins were absolutely minimal.

From the beginning of the third week also the schools went on vacation, which meant that demand decreased, because the potential consumers had other worries than buying flowers. They were likely preparing and buying other typical holiday things and products. And as the good saying goes, one can spend his money only once at a time. It was just a matter of priorities.

From the end of June or the beginning of July the school vacation season took off. This meant a much lower demand and sales of cut flowers, which is called normal, given the period of the year.

## Norway

From the beginning of the year until mid-May the cut flowers demand, sales and results have been very good and satisfactory. The beginning of the season of garden and bedding plants was also excellent, all due to the mild winter, the mild spring and the early summer weather with rather high temperatures; unusual for the Scandinavian environment and market. Demand and sales were constantly very good and results were excellent.

However, as of the third week of May and throughout the first half of June everything slowed down considerably to an almost full summer level situation. Many products originating from the Netherlands were offered plentifully for low prices, especially products such as: peonies, hypericum, mini gerberas and many other products of the summer flower assortment.

However, it all depended very much on the region in the country. In the central and northern regions the cut flowers market remained steady and positive, but in the southern and south-western regions all was considerably slower. It has to be said that not many people (potential consumers) live in the first mentioned regions, while most of them (maybe some 80%) live in the secondly mentioned regions.

Throughout the second half of the month the cut flowers, garden and bedding plants market slowed down quite considerably. Cut flowers were used for weddings, though only very special flower types - mostly in white colours, and in marginal quantities.

At the very end of the month the summer school vacations started, and therefore demand for flowers became much lower.

## Spain

When compared to the month of May, the June cut flowers market slowed down a bit. Demand in general was not very high, except for the many weddings, taking place in this period of the year.

On the other hand, supplied quantities - especially of carnation, but also of roses originating from Colombia and Ecuador - were not particularly high. On the contrary, there was a great shortage of carnations, particularly of white colours. It was reported that it was all due to the weather circumstances. It was relatively cool, cloudy and rainy in these South American countries.

From the Netherlands plenty of flowers were available for reasonable prices. The biggest product from the Netherlands was chrysanthemum, but also the whole other assortment was available and demanded - products such as peonies, orchids - cymbidium and phalaenopsis, freesias and many others.



## Sweden

Right after Mother's Day, which took place on the last Sunday of May, the cut flowers market went into the next important flowers consumption event, namely the Midsummer Celebrations of around 21–23 of June. This fest is always celebrated with special flowers mainly in the national colours blue, white and yellow. For this event, lots of blue cornflowers and other small blue flowers, white daisies and white chrysanthemums were used. The preparation period was moving very smoothly and the final sales as well. Other products were not particularly used in bigger quantities.

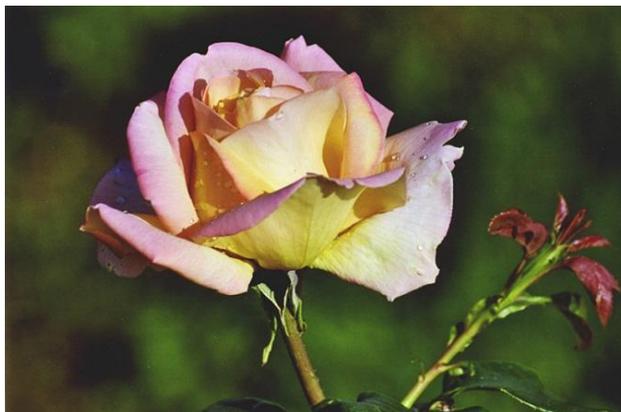
However, on the supply side quite some shortage of African roses was noticed. In these production regions it was rainy period, and many growers were pinching the roses for harvest towards the end of August, beginning of September.

Throughout the second half of the month, when the school summer holidays started, the cut-flowers market became very slow and calm. It is expected to stay like that until the second half of August.

## Switzerland

During the whole month of April and the first half of May the cut flowers market has been very good and successful. However, as from the third week of May until far in the June everything slowed down drastically, mainly due to the nice summer weather with high temperatures, sometimes above 30°C. And, as known in the floricultural sector, sunny weather with high temperatures does not go well with a good demand for fresh cut flowers. As traders say - it is either good for cut flowers or for cold drinks, beer and ice-creams. During the past weeks priority was given by the consumers to products other than flowers. Importers almost immediately started to adjust the imported quantities.

Another important reason for lower quantities of import flowers was the competition and replacement by domestically produced Freiland (Freiland) cut-flowers (mainly roses and helianthus summer flowers), of good quality and plentifully available for considerably lower prices.



Throughout the second half of the month the cut flowers market did not really improve; the situation remained very slow and calm. The first wave of Freiland roses terminated already, but other summer flowers from outdoor cultivation were really plentiful all the time.

## United Kingdom

The month of May turned out to be a good and successful month for cut flowers, but even more so for garden and bedding plants. For the sector of garden and bedding plants, season 2014 could be called very good; mainly due to excellent demand and sales during the mentioned period. The biggest advantage was the very nice spring weather, when all plants could be planted easily all the time and absolutely nothing was destroyed due to night frosts or other circumstances.

The availability and quality level of the mentioned plants was excellent this year. On the other hand, this was the reason why in June nearly everybody was settled, and why the end of the season was moderate.

In the cut-flowers sector the market remained good during the first two weeks of June, but throughout the second half of the month all drastically slowed-down, which is quite normal for the period of the year.

It can be expected that the whole market will remain slow and calm during the coming two months - the summer holidays period.