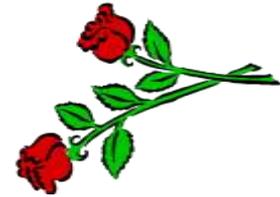


Market Dynamics

Cut Flowers Europe – June 2016

4 July 2016



The Netherlands

Netherlands Auctions

The April 2016 auction figures have been published as following: Cut flower turnover decreased by 6.8% compared to the same month of last year, realised with a supply decrease of 7.6%, resulting in an average price for all products together of 19 Eurocents (last year 21 cents) per stem. Lower prices for nearly all products, such as for: roses, tulips, chrysanthemums spray and single-head, gerbera, eustoma and peonies. Higher price for cymbidium orchid flowers per stem.

The May 2016 cut flower turnover increased by 9.1% compared to the same month of the previous year, realised with a supply increase of 5.6%, resulting in an average price for all products of 26 Eurocents (last year 25 cents) per stem. Better prices for products such as roses, chrysanthemum spray, eustoma, and hydrangea flowers. Lower prices for: peonies, gerbera, lilies, tulips, freesia and cymbidium orchids.

As mentioned in the monthly figures May 2016 was a very good month, from point of view of supply, demand, prices and results. It has been one of the best May months of the past years. Supplied quantities were sufficient, without any oversupply. The weather was moderate. Mother's Days were excellent; the Mother's Day on the second Sunday of May in most of the European countries, America, China and Japan. In addition, demand and sales for the French and the Swedish Mother's Day on the last Sunday of May were very positive.

It does not happen very often and for sure not every year that all condition came positively together. Most important was that prices were so good, because that created more profits and higher margins for the same or even lower supplied quantities.

The Dutch peony season turned out to be very satisfactory. The season started very slowly with very high prices. Right after Mother's Day the production really took off seriously. However, with the moderate and dark weather and with relatively lower temperatures of around 15 – 20 degrees Celsius, quantities came in with increased but steadily quantities and therefore the prices remained very good and stable. The normal real peak harvest did not really took place this year, so that prices were good and better when compared to previous seasons. This leading product's prices had positive impact on the entire market.



After a good month of May, also the June cut flower market remained steady and better when compare to June of last year.

Netherlands Importers

The April 2016 export turnover of all floriculture products increased by 3.9% when compared to the same month of last year. Better and positive results were obtained to countries like Germany with +13%, Italy with +15%, Sweden +12% and Austria +32%. Further smaller positive results to countries such as Belgium, Switzerland, Poland and Other Countries. Negative results to: United Kingdom with -10%, France with -3% and Russia with -41%.

The May 2016 export turnover of cut flowers, houseplants and garden plants together, increased by 7.4% when compared to the same month last year.

Most positive and double-digit growing figures are noticed for France with +15%, Belgium +21%, Sweden +13% and Other Countries with +13%. Also very good growth figures for Germany, United Kingdom, Italy and Poland.

Negative results for Austria with -17% and Russia with -35%.

Throughout the entire months of May and June, the cut flower market was very good. First of all the total supply was not overdone. Secondly, the special consumption events worked out positively, especially Mother's Day in most of the European, American, Chinese and Japanese markets. Thirdly, the Mother's Days in France and Sweden on the last Sunday of May turned out to be excellent. Fourthly, the weather was cloudy and rainy most of the time. In such cases, people/consumers tend to stay indoors their houses, and then they consume cut flowers and plants. All ingredients were positive this year.



Of course, in this kind of situation prices are also higher and so are profits and margins. Growers were satisfied with the good prices and traders were satisfied with the positive results and good margins.

Due to the dark and rainy weather with temperatures that were considerably lower than normally, the Dutch peony season started late, and products did not grow that fast and quantities came in slowly, slowly. This was also in the benefit of the prices. Normally this product can arrive in the market in a huge boom; however, not this year.

In the month June, the market remained steady and positive; also mainly due to the moderate weather. Also import flowers arrived in the market in moderate quantities, mainly due to end of the season, and the rainy season in the African producing countries. The general quality level of most of the African products was good, especially for those products cultivated under cover. The outdoor cultivated products did slightly suffer from the wet weather and the rainfall.

France

The cut flower market throughout May was very good, and with Mother's Day at the last Sunday of the month, it could be called 'fantastic'.

Several reasons were given; like the moderate weather, with a lower production all over Western Europe, so no disturbance whatsoever.

Due to the moderate supply, from domestic production and from Dutch supply. Besides, Mother Day's excellent results of the "big" Mother's Day in most of the European countries on the second Sunday of the month. Therefore, also the post first Mother Day's week's market,

with good sales, was steady and good. Moreover, as said, till the real boom for the French Mother's Day.

Nonetheless, prices for nearly all products were high all the time, from either domestic production, or from the Netherlands, the biggest exporter to France, and the moderate supplies from Ecuador and Kenya.

During the month June, the cut flower market remained reasonable and satisfactory. In addition, the weather in June was not summer like. Therefore, supplies were still reasonably moderate, while prices were higher than normally during the given month.

Import foliage, such as salal and leather leaves remained short of supplied, and prices were much higher than usual.

It however can be expected that the market will gradually slow down during the weeks, even month to come. The period of the summer holidays.



Germany

The month May as a whole was a very good month for cut flowers' business, as well as for the garden and bedding plants. Mother Day's (which took place on the second Sunday of the month) results turned out to be partly good, but partly disappointing; especially for cut flowers. Just in the week before Mother's Day, the weather became summer like, with temperatures of 25 – 30 degrees. Not so good for flowers' demand and sales, but much better for the garden and bedding plans.

It was about the first week of the year that people could start preparing their garden, and so they did, on a mass scale. In addition, Ascension Day, always a free day for everybody, took place in the same week, which meant some lower sales and turnover.

As said, May as a whole was a successful month. Supplied quantities were not particularly very big, prices were high, and so were turnovers, results and margins. It was many years ago that May was such a good and positive month.

Also in June the cut flower, garden and bedding plant market remained rather good. Prices slightly slowed down, but they were still considerably higher when compared to previous months June.

Supplied quantities were still not very big, especially not from local production, from the Netherlands, but also from different overseas supplying countries. This was valid especially for Kenya, Tanzania and Ecuador; all due to weather circumstances such as rains and dark weather.

Only during the last week of June the market gradually slowed down. Partly due to the approaching summer holidays.

Italy

The month of May was a very good cut flower month, from point of view of demand, sales, prices and results. The first week was the Mother's Day week in the country together with many other European countries. Supplies, from both domestic cultivation and from the Netherlands, the biggest export of cut flowers to Italy, were moderate. Therefore, prices were rather high.

However, traders did not see this as a big problem; they say it is better and easier to sell flowers for higher prices than for low prices. When prices are very low than there is a reason that they are low; that is when in such cases there is absolutely no demand.

Another positive effect of higher prices is higher turnover and most of the better results and higher margins. So it was throughout the entire month of May.

Towards the end of the month, Mother's Day took place France and Sweden, and therefore the balance between demand and supply remained steady and good in other countries.

Throughout the first three weeks of June the market was still positive and satisfactory. Supplied quantities from imports, from both the Netherlands and overseas countries were moderate. At the same time domestic production started to take off. Many products were locally available, such as chrysanthemums, gypsophila, gerbera, and many other flowers.



Only during the very last week of the month the market slowed down, mainly as a result of the much warmer weather, when consumers have less interest in purchasing fresh flowers.

It can be expected that this situation will remain during the coming two months.

Norway

The late spring and the early summer month have seen excellent cut flower business. Traders called the month May as having been 'fantastic' and around 33% better cut flower demand and sales when compared to the same month of last year.

Even though prices for nearly all products were considerably higher, trade found its way very easily. No complaint whatsoever about high prices. Traders and florists reported that such a situation is typical for the fresh flower branch. When demand is high as well as prices - no complaints; to the contrary: when supplied quantities are plentiful, and prices are very low, there is hardly any demand.

It has to be said that more turnover has been made with smaller quantities of flowers. A clear market situation it is called, with no disturbances whatsoever.

In general, it must have something to do with Mother's Day in nearly all other European countries, when over there big quantities were used.

Throughout the month of June, the market situation for cut flowers and for garden and bedding plants remained good. Not as super as during the May, but still very acceptable. In the third week of the month quite some extra demand was noticed for the mid-summer night celebrations. However, for this event lots of natural or wild flowers are used.

Overall, two very good months, just before the summer holidays are about to start, as from the beginning of July. Until mid-August, the market is expected to be calm and quiet.

Spain

The cut flower business throughout the month of May this year was very good; much better than expected, and considerably better when compared to this month of previous years.

Mother's Day on the first Sunday of May turned out to be a very successful cut flower consumption event. Good demand and good sales with positive margins.

Throughout the rest of the month the market was reasonably good as well, mainly due to good demand for special fests such as communion celebrations, and many weddings.

Prices for most products were high, because total supplied quantities were not extremely high, and the European market did use many flowers for all Mother's Days in most of the other European countries. Therefore, there was no pressure of any quantities and prices in Spain, a healthy market situation, one could say.

Remarkably good the market was during almost all the month of June, mainly for the same reasons as mentioned for May.

It can be expected that all will slow down drastically during the two months to come, the vacation period and the real hot summer weather.



Sweden

A very good cut flower market situation during the months of May and June. The same for the garden and bedding plant market. The weather was very much in favour of good consumption and use of both product groups.

The nice weather this time was in the north of Europe, in Scandinavian countries, and much less in the south. Normally it is the opposite way.

May was, by far, the best month. Not any sign of oversupply, partly due to lower production in the Netherlands and due to lower supplied quantities from Kenya in particular. That was valid for roses especially.

Of course, it normally is, and this year too, the rainy period in Kenya.

Another reason for lower supply from over there is the end of the last season and the start for the new season. At the end of the season plants are taken out, and after that, new plants are planted. Some two or three months later the first new crops are about to be harvested again.

In addition, flowers originating from the South American countries were moderately available, also due to weather conditions.

With the temporary lower supplied quantities, purchase prices for nearly all products were much higher, especially for those originating from the Netherlands.

Prices of small and medium sized rose were double as high when compared to other periods, such as what happened in March and April, but also in this period of the season in previous years.

Switzerland

The cut flower market throughout the whole month of May was very good and satisfactory. Mother's Day was the peak week; better than in many previous Mother Days. Moreover, as said, throughout the rest of the month the cut flower business did maintain to be steady, with good prices and good results.

On the supply side of the market, the situation was also quite steady, with no peak time in harvest, neither in Ecuador, nor in Kenya.

In Kenya, the weather had become wet and rainy, negatively affecting the outdoor cultivated crops, such as alstroemeria and spray roses, from point of view of quality.

During June, this situation did not really improve; to the contrary it became rainier and cloudier, with the negative impact on the quality level of those products.

In Ecuador, the weather was also not very special, and therefore products arrived in the market in normal, reasonably and moderate quantities. The general quality level of the roses was very good; only gypsophila was slightly negatively affected.

The cut flower market in the month of June did remain the same good as it was in May, mainly due to the moderate and cloudy weather all the time, with considerably lower temperature when compared to a normal June. An old saying is coming true. When the weather is not good for people it nearly always good for buying and using cut flowers.

United Kingdom

Even though there was no Mother's Day in the country, while nearly all other European countries had them in May – this event did affect the British market. In the UK Mother's Day took place in the last week of March this year. Still, importers and wholesalers reported an excellent month of May for cut flower business. Mainly due to the fact that so many flowers were needed in the other European countries at this time.

Secondly, the domestic production was lower all the time, because the weather conditions were so moderate even poor for a longer period than usual.

Additionally, supplies from the Netherlands, from Kenya and from the South America were lower, partly due to weather conditions, but also due to renewal of plantings for the new approaching season.

The good market situation was also caused by the early Easter holidays this year.

Throughout the month of June the cut flower market remained steady as well, as did the general price level, which was considerably better and higher all the time this year.

Of course, there was also extra demand and sales of lots of different garden and bedding plants, which so popular in this country. This breach had an excellent season as well this year during the mentioned months.

