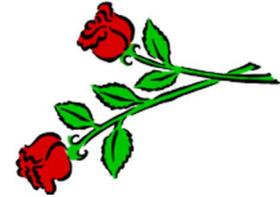


Market Dynamics

Cut Flowers Europe – October 2014

2 November, 2014



The Netherlands

Netherlands Auctions

The September 2014 cut flower sales in FloraHolland auctions data was published as follows: The turnover increased by 6.7% compared to the same month of last year, realised with a supply increase of 6% resulting in a total average price for all flowers of 22 Eurocents per stem (last year also 22 cents).

Better prices for products such as: spray chrysanthemum, lilies, hydrangea, eustoma and alstroemeria. Lower prices for: roses, gerberas, chrysanthemum single, freesia and zantedeschia (calla lilies).

At the very end of August and the beginning of September the general cut flower business turned out to be very good and satisfactory. Prices went up to a very high level, taking into account the period of the year. It has to be said that the smaller supplied quantities this year were for a big part responsible to the given situation. The major given reason for lower supply was the early finish of many products, especially of the outdoor cultivated ones.

No winter weather this year, a mild spring, and a sunny summer did many crops set into flowering, but also therefore an earlier termination of the crops as a result. Roses have been cheap this year in September. The same could be said for tulips. The production season of the tulips started also earlier with bigger quantities and therefore prices have turned out to be lower than in previous year during the same period and therefore prices have been lower. Nearly all other products were more expensive.

During the first two weeks of October the cut flower market was quite normal; nothing exceptional, not very good, but neither poor.

As from the third week of October the autumn school holidays started, and as expected, had some negative impact on the demand for cut flowers and cut foliage.

While domestic products diminished in quantities, imported products supply gradually increased. So were the 'regular' cut flowers such as roses and carnations, but also the typical seasonal autumn products; such as protea, leucospermum cordifolium, cape greens, wax flowers, and many others.



During the last ten days of the month prices of nearly all products went up considerably, due to very good demand for the All Saint and All Souls days celebrations on the first and the second of November.

Netherlands Importers

The September 2014 export figures from the Netherlands were published by VGB (Exporter's Union) as following. The figures are not anymore published per product group but only the totals. The September exports of all products increased with 7.8% when compared to the same month of last year. Positive results in nearly all countries have been made. Increases to: Germany with 8.9%, United Kingdom 8.5%, France 21% , Italy 11%, Russia 10.3%, Switzerland 22 % , Sweden 6%, Poland 11 % and Austria 15.5 %.

Negative results to : Belgium with minus 6.3% and Other Countries – 4.3%.

The cut flower market during the months of August and September was very good and satisfactory, considering that these months are usual summer months, and therefore months that flower should be plentiful and cheap. Not this year; supplied quantities either from domestic production as from import supplies were moderate. With the very good demand, finally sales have turned out to be smooth, even though prices were rather high.

It became a new tendency that supplied quantities during the months of August and September are the smallest of the year nowadays; while years ago supplied quantities during these months were absolutely highest. The major reason is shrinking in local production of roses, carnations and summer flowers. In addition, it is also the period of the year that import supplies are relatively low. In many producing countries it is too hot to cultivate good quality, while in other countries it is winter/rainy season or the season of replanting, to be ready to harvest in the next season.

Prices were in some cases as high as they are before Christmas, Valentine's Day or Mother's Day.

It sounds strange, but no buyer, importer, or florist is complaining about the higher purchase prices. As is the saying for many years "it is all a matter of supply and demand".

During the first two weeks of October the cut flower market remained rather good, and prices were not low at all. New was the increase of the assortment and the supplied quantities originating from overseas.

Also further throughout the month of October the cut flower market did remain to be rather good and during the last week it was even better. Rather normal given the period of the year with good demand and sales for the very important cut flower consumption even of All Saints and All Souls days.

France

Traditionally, September is never a good selling and consuming month for cut flowers and potted plants. The major reason is that consumers were just back from their summer holidays, where they spent their money; now they try to save.

Secondly, with the new school year parents had to buy school equipment for their children. This year was no exception to the situation of previous years.

Also during the first half of October the cut flower market situation did not really improve. All remained slow and quiet, in spite of the approaching important cut flower consumption event of all Saints and all Soul's days at the beginning of November.

Everybody, wholesalers, florists, supermarkets and consumers were in a waiting position. Nobody knew what the demand for this event was going to bring. Anyway nobody was committing himself to pre-order or pre-buy any products or any extra quantities.

Germany

September has turned out to be a rather good cut flower month. Demand, sales and profits have been positive. Balance was so good because the total supplied quantities were moderate, both from Dutch and European production, as well as from import.

Especially roses originating from the east African production countries were available in moderate quantities; partly due to the season, rainy and cloudy weather circumstances.

Dutch and European supplies were terminating the season considerably earlier than in usual years, due to no winter this year, a mild spring, and a nice and sunny summer.

Many summer flowers disappeared from the market much earlier than normally, which forced the prices of these products up. Products such as: gypsophila, hypericum, solidago and many others fetched very good prices. With the normally slightly lower demand and the relatively lower supplies it was easier to maintain a good balance between supply and demand. The higher prices were therefore not problematic for buyers, wholesalers, florists and consumers.



Throughout October the cut flower market remained identical to the situation in September: still moderate supplies, and everyday increasing demand towards the good cut flower consumption days of All Saints and All Souls days on the first and the second of November.

Italy

There was hardly any positive cut flower business during the summer months this year. Normally the cut flower market was always improving as from the beginning of September. However this year was different and the improvement had not really been materialised. Consumers were reluctant from spending money on luxury items, so also on flowers and plants. They needed the money for buying new school equipment for their children at the beginning of the new school year. Choices have to be made nowadays, which is quite a difference with the situation of years ago.

Also during the first half of October the cut flower market remained very quiet and calm. Most probably also due to the approach of a important and big cut flower consumption event of All Saints and All Souls days, taking place on the first and the second of November. Importers were making all the preparations for this event, concerning ordering and preparing enough flowers and greens needed. However not even one wholesaler or florist was committing himself by ordering in advance. Everybody was waiting until the very last moment to buy. However somebody has to take the decision to have enough products and quantities and it was clear that it was the importers; a great risk for them.

At the very end everything turned out to be all right. Importers had purchased enough quantities and wholesalers, florists and other vendors finally bought their products.

Norway

Throughout the months August and September the cut flower market was steady and relatively calm. Not bad, but neither very good, say traders.

Luckily, total supplied assortment and quantities were not really overdone, so that the situation between supply and demand was well balanced; more or less the same situation as during the entire year so far. Until the middle of October the cut flower market increased with not more than one percent only. Traders say: "we had three very good months, and other months we tried not to lose too much money".

During the first and the second week of October the autumn school holidays took place and many people used this opportunity to have a short vacation; either in the country, or sometimes in warmer places at the southern parts of Europe.

At the same time many typical autumn and seasonal products arrived in the market; products like erica, calluna and chrysanthemums, either as cut flower or as potted plant.

There was temporary some shortage of roses, especially of those originating from the East Africa; but as from the end of September enough quantities became available again, while prices were not too high.

Throughout the second half of October the cut flowers market remained slow. It seems like the celebrations of Halloween and All Saints' day are decorated less and less with fresh products and more with dried or artificial products such as different types of garland of leaves and branched and also with all kind of cut foliage products.



Spain

As during all the previous years the summer months July, August and September were also this year very quiet and calm months in the whole cut flower business. The weather that normally is very warm is not motivating consumers to buy cut flowers, because they are not lasting very long in such climate. This summer was no exception to this rule.

Only as from mid-September and during October the cut lower market only gradually, but slightly improved. During the whole month of October everybody, such as importers, traders and florist were all extremely busy to prepare for the approaching All Saints and All Souls' days, the most important cut flower consumption event of the year.

It is as always a struggle to order and to finally get enough quantities together of mainly: carnations, roses and gypsophila. Of course, also other products are used, such as lilies, gladiolus and several others.

Sweden

During the months of August and September the cut flower market and business were not different from the situation of the past years.

As from the second half of August the market increased considerably, after most of the people came back from their summer vacations. Also florists that closed down their shops for a couple weeks came back and they had to build up their stocks again.

Normally, after such a situation a quieter time was always appearing. However not really this year, and that is why demand and sales in September were better than in previous years. As traders were reporting, during the first two weeks of September the increase was some 10% when compared to the same month of last year. During the second half of September even 25% more.

In October, during the first half of the month the market stabilised; this was called normal, given the period of the year, when All Saints and All Souls' days celebrations are approaching. This period is called 'a lull before the storm situation'.

Traders report that florists and consumers are more and more focussing their purchases on cut flowers and in particular on roses nowadays, rather than on potted plants; a new development and a new fashion it is called.

Throughout the second half of the month of October the cut flower market only, but very slightly improved; nothing really spectacular.

Switzerland

During September, especially towards the end of the month, the cut flowers market was rather good and satisfactory, and slightly better than the same period of last year. The warm weather was over, and outdoor cultivated, so called Freiland (Free land) flowers had disappeared from the market. So that supply and demand were in good balance.

The last two weeks of the month, as said, were positive and good. However as from the beginning of October all gradually and slightly slowed down again, mainly as a result of the autumn school holidays, when people took the opportunity to go on vacation for one or two weeks. On the other hand, total supplied quantities of cut flowers, in particular imported products, gradually increased, from the South American and from the East African producing countries. Plenty of roses were available, mainly from Colombia, Ecuador, Kenya and Ethiopia.

The general quality level of the African roses improved very much, compared to the temporary lower quality level in August and the beginning of September. Also the first good quantities of the typical South African products, such as: protea, leucopermum cordifolium, cape greens, and others arrived in the market. The same could be said for the traditional cut foliage products, the temperate and the tropical ones.

Also during the last two weeks of October the supplied quantities, especially of roses originating from the Eastern African production countries were not oversupplied at all. To the contrary there was a certain shortage. Therefore prices in general were considerably higher when compared to the same period of last year. The same could be said for the Ecuadorian roses and for products originating from the Netherlands.

United Kingdom

During the first week of September the cut flower market has been very good and positive. During the second week, however, the market was already slightly slowing down. During the second half of the month all became really slow and quiet, which on the other hand was called reasonably normal, given the period of the year.

Also during the first half of October no real improvement could be noticed. On the other hand products and quantities which when needed were relatively expensive, especially those originating from the Netherlands. The whole range of so-called summer flowers were the most expensive, mainly because of the termination of the season much earlier than normally; all due to the faster growing production this year, caused by the mild weather conditions throughout the year so far.

During the last half of the month of October the cut flower market did not further improve, just because the famous All Saints and All Souls' days are not really celebrated in the country. On the other hand prices of nearly all products, either originating from the Netherlands or from the other overseas countries, were very expensive, due to high demand from countries where the mentioned holidays are celebrated.

