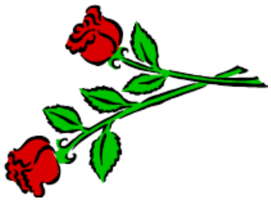
Market Dynamics

Cut Flowers Europe – October 2015

03 November, 2015



The Netherlands

Netherlands Auctions

The August 2015 cut flower turnover of the Dutch auctions decreased by 12% when compared to the same month of last year, realised with a supply increase of 4.9%, resulting in a total average for al cut flower types together of 19 Eurocents (last year 23 cents) per stem. There was no product with a higher price than last year.
Most decreased prices for: roses, spray and single headed chrysanthemums, lilies, gerberas, hydrangea, freesia, helianthus and gladiolus.

The September 2015 cut flower auctions' turnover increased by 1.4% when vs September 2014, realised with a supply decrease of 1.8%, resulting in a total average price for all flower types of 23 Eurocents (last year 22 cents).
Better prices for products like chrysanthemum spray and single, eustoma, freesia and zantedeschia (calla lilies).
Lower prices for: lilies, gerberas and hydrangea.

It was different market situation for cut flowers during the months of August and September. Normally August is a month of recovery of flower demand and sales. However, this year was very different. The auction spokesperson reported that the problems of exports to Russia were the reason to the mentioned situation. First on the phytosanitary front, secondly because of the strong devaluation of the Russian Rouble versus the Euro, and therefor thirdly Russian demand for 1 September celebration was minimised. Normally 1 September is the flower fest that children take flowers to schools for the teachers. This year they took fewer quantities and if they took they used cheaper products.
Less demand from Russia meant immediately more flowers routed to other European countries, caused here and there some market disturbances.

Throughout the month of September, the market did not really improve very much, but prices became a little better. All in all September was a positive month, but with no more than a few percent's.

During the first half of October, prices went down again, especially for the bigger products such as roses, chrysanthemums, solidago and helianthus.

Netherlands Importers

The August 2015 export figures of cut flowers and potted plants from the Netherlands are published as follows: The August 2015 export decreased by 1.3% when compared to the same month of last year. The worse results obtained in Russia with -37%, in Austria -16%, in Sweden -15% and in Switzerland by -10%. However, also to Germany the biggest importer from the Netherlands - export decreased by 7%.
Still there were also some positive export destinations, like United Kingdom with +8%, France +9%, Italy +16%, Poland +25% , and Belgium by +4%.

Normally, at the end of the summer the cut flower market is improving. Recovery always took place in August, and supplied quantities in this month were always the lowest of the year; while prices were amongst the highest in the year. However, this year was an exception to this unwritten rule: Supplied quantities were not particularly high, but demand and prices were lower than normally during the given month.
One of the major reasons is the lower demand from the Russian market. This because the enormous devaluation of the Russian Rouble vs the Euro.
The first of September is the date of the first schoolyear in Russia, when children bring flowers to their teachers. This year however they did it less than in many previous years.

On the other hand, demand and prices in September were considerably better than during the same month of many past years. Prices however depended much on the product group. Much lower prices for solidago and hypericum, partly due to heavy competition between the domestic and the import supplies (temporary overlapping). Also, lower prices for aster and for most of the rose varieties.
Much higher prices obtained for gypsophila, helianthus, gladioli, and several other summer flower types.

In October, again, the cut flower market was slower and prices were considerably lower, especially of roses and solidago.
On the other hand much better prices for products such as protea, leucospermum, safari greens, wax flowers, and other typical South African and Australian flowers.

France

The cut flower market throughout the month of September was rather slow and quiet, except during the first week of the month. Many florist shops and supermarkets had to rebuild their stocks for an improving market, when consumers returned from their summer holidays. This improvement only lasted but a very short period.

During the rest of the month all slowed down considerably. The same situation throughout the first two weeks of October. Only as from mid-October, the cut flowers market improved again, because of better demand, especially towards the All Saint and All Souls days' celebrations, when so many people put flowers and plants on the graveyards, to memorise the dead people, in particular when it concerned family members.

For this event, many alternative products are used, like various types of arrangements, with fresh or artificial cut flowers. An exception might be the groups of traditional as well as non-traditional cut foliage types.

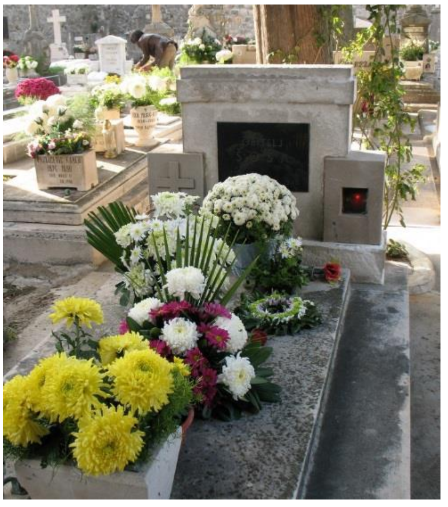
Germany

The August 2015 cut flower market this year was much slower and quieter than in many past years. Why exactly - is not really known. The domestic production of the so-called Freiland (Freeland) flowers was good and so sales and prices were satisfactory. All in all the prices for many products, but especially for the big products such as roses and chrysanthemums were much lower.

Also in September there was still quite some domestic production. The same should be said about the supplies from the Netherlands and rose supplies originating from Ecuador, which was regarded as something special.
Most probably, the Ecuadorians had to re-route certain quantities that were originally destined for the Russian market. However, with the very sharp devaluation of the Russian Rouble those flowers became too expensive for Russian consumers.

The African rose supplies were not particularly big, due to the fact that it was, first of all off-season, and secondly the rainy period, when temperatures were lower and the weather was cloudier.
Another reason for lower demand and prices for roses was the great availability of chrysanthemums, which could be purchased for low prices.

During the first two weeks of October, the cut flowers market remained the same slow as during September. However, as from the third week of October the market really improved very much; all due to the approaching All Saint and All Souls days' celebrations. Traders reported that prices were increasing, but still they did not reach the normal level as in previous years. Suddenly also chrysanthemums, the sprays, the santini, and the single headed types, became much more expensive. It has to be said that chrysanthemums are a big product for these holidays. The same could be said for the typical seasonal products like potted erica, calluna and chrysanthemum.



Italy

During the months of August and September, the weather conditions were still not ideal for cut flower demand and sales. It was warm, even hot, with temperatures between 30 and 40 degrees Celsius. Under such conditions, nobody was interested in buying fresh cut flowers; and it was very difficult to keep flowers in good condition, especially by the street sales.

Towards the end of September and the beginning of October, the market was only but very slightly better; yet not good enough and for sure less good than in the same period of previous years.
On the other hand, plenty of cut flowers were available all the time, from domestic cultivation, from the Netherlands, and from Ecuador/Colombia.
Ecuadorian roses were offered plentifully for bargaining prices. However, as traders reported, it was not a matter of price; there was just not enough demand.
Prices for Ecuadorian roses were offered some 10 – 15% lower than usual, but still there was not enough interest from buyers and consumers.

Until mid-October, prices for all products originating from the Netherlands were not high at all, even very low for roses and chrysanthemums. Only during the last ten days of October the All Saint and All Souls Days' market was gradually and slightly improving again, but for sure not as good as expected, and also not as good as in many previous years. Still traders had good hopes for rather good demand and purchases by final consumers. Actual results can be known only afterwards.

Norway

The cut flower market during the late summer and the early autumn was more or less the same as in many previous years. Even though differences could be noticed, turnovers were the same. Smaller quantities for higher prices were traded.

It is not that consumers were not prepared to pay for the higher prices; the major problem was the currency exchange rate of the Norwegian Crown vs the Euro. It became much more expensive towards the Euro. Was the rate two years ago NKR 7.70 to one €, now it is NKR 9.30, which made imported flowers from the Netherlands much more expensive.
US$ related products were also more expensive, but not as much as the € related.

Throughout the month of October many alternative products were used, the same as always at the time before All Saint's and All Soul's days on the first and the second of November. Products such as nobilus greens, many different wrists of flowers and branches and many alternative cut green varieties.

In addition, products such as erica and calluna, traditional plants, were used. This year enough plants were available due to an ideal production season, especially in the different German production regions. There is quite a change in the use of the two different types, erica and calluna. Erica is not demanded much anymore and calluna, to the contrary, much more demanded. This has to do with the lasting time of the products. Erica has the problem that the quality level is deteriorating much faster and calluna does not have that problem.

Spain

During the month of September, the cut flower market only but very slightly improved when compared to July and August; but this is normal. The market situation was more or less the same as during many previous Septembers.

The same could be said for October, typically a month of preparation towards the All Saints' and All Souls' days celebrations on the first and the second of November. This special cut flower event, when everybody is bringing flowers and plants to the graveyards, to memorise the dead, is the most important cut flower consumption event of the year in Spain.
The same valid in 2015.

The biggest request and consumption were for roses, carnations, chrysanthemums, gypsophila and lilies.
Enough, even more than enough red Ecuadorian roses were available this year. As to other colours however, more quantities could have used and sold if they were available.

In the colour range of the Colombian carnations, something similar was noticed. Enough quantities of red and white carnations, but not enough of the colours purple, bicolored types, and other special colours.

Sweden

Normally the cut flower market at the end of the school vacations, around the second half of August, was always improving very much. It was improving this year as well, but less than in previous years. It was not so much a matter of available quantities. To the contrary, there were enough flowers all the time, especially from the Netherlands.
From Kenya, traditionally there was a shorter supply, due to off-season and the rainy season with lower temperatures. However, demand of consumers was lower than normally.

During the month of September, the market only but gradually and slightly improved. However, not to the extremes at all. Kenyan roses, normally imported directly from the production regions were replaced by the same roses, purchased via the auctions in the Netherlands, for lower prices than the directly offered ones.

Ecuadorian roses too were plentifully offered all the time. It looks like that those roses were originally aimed for the Russian market; but due to extreme currency exchange rate differences between the Russian Rouble, the Euro and the US Dollar - flowers have become too expensive for the Russians. Therefore, many of those roses were re-routed to the European markets, where they are accepted only when prices are lower.

From mid-October, the market was more related to the special and seasonal products so much used for the All Saint and All Souls Days. Thus more and more non-traditional products such as special greens, dyed flowers and others, instead of fresh cut flowers.

Switzerland

A slightly different cut flower market during the late summer and the early autumn. August normally is a very good month due to the returning people from their summer vacations, when they start consuming flowers again. This year August was not as good as in many previous years. To the contrary, September was a better month and during the first two weeks of October, the market was again considerably slower. On the production side, the situation was a bit different.

In August more flowers, especially from domestic production and from the Netherlands. From the African countries, smaller quantities were available, due to their off-season.
More rose quantities were available from Ecuador, mainly because the Ecuadorians could not sell enough quantities to Russia.

The rose quality level from Kenya, just like in all previous years was a bit problematic. Due to the rainy and wet season quality problems often occur. With diseases such as botrytis and mildew. As from the end of September and the beginning of October, the quality problems were over again.

As from mid-October, the market was really demanding many seasonal and typical products, mostly originating from South Africa and Australia. Products such as proteas, leucospermum cordifolium, leucadendron and safari greens became very popular. Most of these products are placed on the graveyards toward the 1st and the 2nd of November.

United Kingdom

Throughout the first five months of this year, the cut flower market in general has turned out to be rather good and positive. However, as from the summer and throughout the months of July until October the cut flower market was rather disappointing. During this last period many cut flower originating from the Netherlands were plentifully available for low prices.

These low prices make it very difficult for local importers to make their direct imports competitive. When many retailers and florist shops can purchase cheaper flowers of very good quality, they rather prefer to buy them instead of the relatively more expensive directly imported flowers from overseas production countries.

In October when prices in the Netherlands became higher again, just because of good demand for the All Saints and All Souls celebrations, taking place in many countries on the European continent (while this event is not celebrated in the United Kingdom) there was again more chance for the directly imported products. However, this is most probably only temporary. It needs to be seen how the market will react during the month of November. December is expected and always is a good month for the English market, especially since it is always a strong cut flower consumption event in the country.