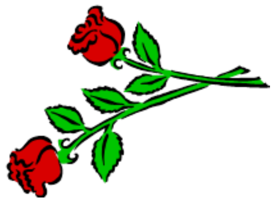
Market Dynamics

Cut Flowers Europe – October 2016

31 October 2016



The Netherlands

Netherlands Auctions

Throughout the entire summer of 2016 the cut flower demand, sales, prices, and results have turned out to be positive and very good. Better than many previous years.
Total supplied quantities have been lower all the time as from the month of May and continuously throughout the summer, and at least until the end of October.

The product with the most decreased supply was the rose, nowadays mainly supplied from other countries than the Netherlands. Of the small and medium roses, some 98% is of foreign origin and of the group of big roses the share is most probably higher than 50%. The main decrease of the roses' supply therefore is caused by the imported roses, mainly those originating from the East African producing countries; all due to weather circumstances during the past months.
However, also products originating from the Netherlands were affected, also for a big part due to the moderate summer weather, at least throughout the months of May, June, July and August.
As said, all had its positive effect on the prices and the turnovers. Total supplied quantities during the whole summer decreased with 2% and prices have increased by almost 6%, resulting in an accumulative auctions turnover increase so far of 4%.

This was really a big positive surprise, taking into account the decreasing export to the United Kingdom, as a result of the so-called Brexit situation, with the lower value of the British pound.
Cut flowers' prices have been higher as from the month of May until the end of October. They were highest ever throughout this period; something that can be called 'special': normally, average price during the summer can slow down to 15 – 16 cents per stem. This year however prices did not decrease lower than 20 cents, but mostly 25 – 27 cents, with the absolute peak of 31 - 32 cents in the weeks No. 40 and 41. Even in the Valentine's week those prices were not so high. The world is upside down... Who could forecast that.

Netherlands Importers

The August 2016 export figures are published by the VBN (Exporter's Union). Export turnover of cut flowers, house- and garden-plants together increased by 12% compared to the same month of 2015. Absolute and double digit increased percentages to: Germany with 23%, France with11 %, Belgium with 21%, Poland with 23%, Sweden with 23%, Austria with

16% and Denmark with 45%. lowest results to the United Kingdom with minus 1%. Russia disappeared from the top 10 list.

The September 2016 export turnover of floriculture products has increased by 0.8% compared to the September last year. Best export results were realised to: Belgium with + 7.4%, Poland with +5.8%, Austria with +1 %, Denmark with +8.5%, and to 'other countries' with +7.3%. Only but still slightly positive figures in Germany and Sweden.
Negative figures and percentages to: United Kingdom with -7.4%, France with - 3.7% and to several other counties such as Italy and Switzerland with minor minus percentages.

From point of view of summer weather, it can be concluded that summer 2016 has been a moderate summer, with lower temperatures during the months of May, June, July and August and with many cloudy days. Therefore, flowering was delayed and quantities arrived in the market more regularly. No oversupplies whatsoever, with no price disturbances. To the contrary, with the moderate supplies prices were very high and much higher than normally throughout the summer. Most of the time, in all the years before, summer prices were considerably lower during quite some time. It was reported that prices, and therefore results and margins were much higher, and higher than ever before.
Imported quantities were considerably lower than normally, especially of roses, which are nowadays mainly produced in African and South American countries. Also, due to weather circumstances (the winter period over there) in the East African countries production was delayed and supplied quantities were quite a bit lower than normally. It is estimated that imported quantities were some 10% lower than normally. However, prices were more than 10% higher.

Other well performing products, with very good prices, were: gypsophila, solidago, and temporarily also hypericum, especially for the newer varieties of the so-called coco series.
The start of the season of tropical products such as proteas, leucospermum cordifolium, safari green, wax flowers, and many others, was also very satisfactory.
However, later on due to warm weather in the South African production regions, supplied quantities strongly increased and prices came down to a normal level, given the period of the year. Normally in Septembers and October supplied quantities are increasing considerably and prices are strongly decreasing. However not this year. The market and the prices remained very good, and better when compared to the same months in previous years.

France

The information about the French cut flowers' market is temporarily unavailable.

Germany

From weather point of view summer 2016 was not a very nice summer. Anyway, not during the real summer months, June, July and August. However, the best, nicest, and warmest summer month this year was September; normally a late-summer month. Temperatures went

up to 35°C; normally values of July and August.
The moderate weather during the real summer months was the reason that many flowers arrived in the market later and in a slower speed. On the other hand, an advantage of the nice September weather was that there was an extra wave of so called Freiland (Open land) cultivated flowers, especially roses. The last wave, arrived in the market in October, was still of excellent quality.

Ecuadorian and Colombian roses were supplied all the time in more than enough quantities. However, there was a shortage of roses originating from the Netherlands and the African countries during the summer. Especially Kenyan roses were scarcer and the general quality level was not as high as normally. Some quality problems of botrytis and mildew occured. However, in October this problem has been solved again. In October, the cut flower market has been excellent. Even though prices were still extremely high, good business could be made. Higher turnovers were created, better results were obtained, and higher margins were made. No results of the all Saints and all Souls day's cut flower final sales are available yet, but final results can be given later on, however all signs are looking positive.

Italy

As traditionally, the cut flowers' market during the real summer months July and August was also this year slow and quiet. Yet, not as slow and calm as during may previous years, partly due to the steady and not so low price level for nearly all products.

In September, the market gradually slightly improved. Also during this month demand, sales and prices were considerably higher when compared to the same month of many years before.
However, the best month was October. Everybody was back from holidays. Importers, wholesalers, florists and consumers, started to rebuild their stocks and final consumers started to purchase more flowers again, even though prices were much higher.
It was reported that the total average prices were nearly as high as during the peak cut flower consumption events, such as Christmas, Valentine's Day and Mother's Day. Good for growers and also good for traders and florists, because with higher prices, better turnovers were made and therefore also higher margins were made; with the very high price level for nearly all products, especially and in particular for the good red rose varieties, originating from the Netherlands.

Ecuadorian and Colombian roses were plentiful all the time and some price pressure was noticed. However, due to the shortage of African roses they were considerably more expensive than normally during the given period of the year. Anyway, good signs and an expected good market for cut flowers. Good results are expected to be made towards the All Saints and All Soul's days' celebrations.

Norway

Summer 2016 turned out to be a special summer from the point of view of weather, and also the cut flowers and plants market has been different when compared to many previous years. First of all, the weather was moderate, dark and rainy, especially during the months June, July and August. This had a great impact on the domestic production, which was much lower and slower than normally. The same could be said for production in other north western European countries such as Denmark, the Netherlands and Germany.
During the same period, also the production, especially of roses, in the East African countries stayed behind, also due to weather circumstances.

Due to the lower supplied quantities, prices in general were considerably higher. Demand in general was good. With the moderate weather conditions people had to stay indoor in their houses and therefore they consumed more flowers for indoor joy. To the contrary, the late summer was in fact the real summer weather, with higher temperatures of around 25 – 30°C; especially during September and the beginning of October. However, the late production did not really bring more flowers later-on, and therefore prices remained high all the time.

Throughout October the seasonal products arrived in the market in bigger quantities. Products such as erica, calluna, gaultheria, and chrysanthemum were plentiful, while prices were very good; higher than normally, but no problem for traders and consumers.

Spain

The past summer for cut flowers' market was rather quiet and calm; however, all was slightly better when compared to the same period of previous years. On the other hand, total offered and supplied quantities were smaller than normally, especially of flowers originating from the Netherland and East Africa. Those flowers were considerably more expensive, as result of the lower supplies.
Importers, wholesalers, traders and florists who were dealing with the higher prices made more turnover, achieved better results and obtained higher margins.

September was a very slow and quiet month as it always, typically a month of waiting for the big cut flower boom to be arranged in October, to finally be used towards the celebrations of All Saints and All Soul’s days on the first and the second of November.

Prices were still very high, but for this most important cut flowers' consumption event it does not really seem to matter or bother anybody. For this most important celebration one just need good flowers and enough quantities.

Sweden

This year's summer has been a very special summer. The weather was not so bad, but it was neither very special. However, total supplied quantities of cut flowers, either originating from the Netherlands as also form the East African countries. Even from Colombia and Ecuador supplied quantities were lower, but not as lower as from Africa.
This had quite an impact of the general prices for all imported products, but also for domestically produced flowers.

As said, this market situation was very good for growers, but also traders and florists did not really complain at all. Higher demand and higher prices, especially when consumers are prepared to pay for it, is a very healthy market situation.

In the late summer and even in the early autumn months of September and October the market remained very strong and good. Still some lower supplies, good demand, and the higher prices were paid and accepted.

The biggest shortage of quantities was notices for the rose, in particular for the African rose. It was estimated some 10% lower, than the comparable time in previous years.

Switzerland

The cut flower market throughout the real summer period has been rather slow and quiet. However, not as slow and not as quiet when compared to many previous summer months. On the other hand, total supplied quantities were considerably smaller than in many previous years, of flowers originating from domestic production, as well as supply from the Netherlands, and also of products originating from the East African countries; all due to weather circumstances.

The real summer weather arrived in Central Europe as from the end of August only. The month of September was really "The" summer month, with the best and very summerlike weather. This lasted until the end of the first week in October. Only then all turned into late-summer or early autumn weather.

As said prices were higher throughout the entire summer, and still they are. This had to do mainly with the lower supplies, but also with better demand from end-consumers.

As from the beginning of October the so-called seasonal flowers and greens (proteas, leucospermum cordifolium, cape greens and wax flowers) originating from South Africa and Australia arrived in the market. At the beginning in moderate quantities, but later-on in very big quantities. Therefore, some price pressure on these products was noticed during the weeks No. 40, 41 and 42.
Traditional cut foliage supplies and types were supplied in sufficient quantities, while prices could be called normal, given the period of the year.

United Kingdom

The cut flowers market has been very positive and satisfactory throughout the past summer months, thanks to the moderate summer weather. Especially throughout the months of June, July and August total produced and supplied quantities of local and European flowers and cut greens were much lower than normally. It was reported that some 10% lower quantities were supplied.

The same could be said about imported flowers, especially those originating from the East African countries, but also for those originating from Colombia and Ecuador.
On the other hand, there was slightly more demand; but more importantly were the higher prices.

For many products prices were extremely high. Most high for roses and gypsophila, but also for many other types. It was reported by traders and florists that they never have seen such high prices throughout the summer period.

In September, suddenly the weather became summer like. From weather point of view the highest temperatures of the summer were notices in September. However, supplied quantities did not really increase very much. Neither they did during the month of October.

Prices however even further increased because of very good demand for the All Saints' and All Souls' days, that are celebrated in nearly all other European countries, except in the United Kingdom.

On the other hand, much more important was and still is the devaluation of the British pound, following the British poll's decision to exit the European Union. A lower pound is causing higher import prices and this is negative for the cut flower trade as a whole.