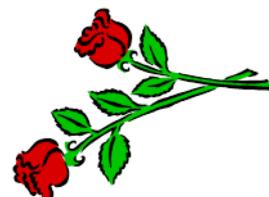


Market Dynamics

Cut Flowers Market in Europe

August 30, 2013



The Netherlands

Flower Auctions' Notes

The July cut-flowers auction figures are published as follows. The July turnover of cut-flowers has decreased by 5.7% when compared to the same month of last year, realised with a supply increase of 2.1%, resulting in a total average price of 15.4 Eurocents per stem for all flowers together (last year 16.7 cents).

Lower prices were for: roses, gerberas, peonies, freesias, lisianthus/eustoma and helianthus; higher prices for: chrysanthemums (spray and single headed), lilies and hydrangeas/hortensia.

Two heat waves (according to Dutch standards - 5 days of more than 25° and at least 3 days of them over 30°) took place in July and the first days of August. July was also a very dry month, so lots of outdoor productions were harmed. Of course, these factors had an enormous influence on production, demand, prices and results.

Prices all through the month of July were at their lowest, with an average price of 15 Euro cents for all long-big-headed roses together; for small and medium roses the price was 7 cents, for big gerberas 8 cents and for mini gerberas 5 cents; absolutely bottom level prices.

Besides, large quantities of those products did not even get any price. When a product doesn't fetch the minimal price, the price is considered as zero. In such cases those zero priced

Importers' and Traders' Notes

The July cut-flowers export figures are published by HBAG as follows. Export has decreased by 6.1%, compared to the same month of last year. July 2013 was the worst export month since 2005.

Per country quite some differences could be noticed. Remarkable are the negative percentages of the top three export countries, Germany, UK, and France. Those are also in absolute Euro amounts the most important countries.

products are taken out of the market to be destroyed. This has been an auction rule for many years. The reason for taking it out of the market is to get the market faster regulated. However, it did not happen quickly this time which is a pity for the growers.

In such cases it would be advisable to avoid sending the lower quality and shorter varieties, so as not to lose money (fixed cost have to be paid anyway).

As of the beginning of the second week of August a very slight improvement of the market and the prices was noticed. However, prices all through July and the first week of August were far lower when compared to the same weeks of last year, which were very good weeks at that time, due to moderate weather last year.

Throughout the second half of August the cut-flowers market considerably improved. It has to be stated that the total supplied quantities decreased, when compared to the previous period, and that prices increased considerably, especially of roses and chrysanthemums.

The strong price increase of the latter product was remarkable, certainly when compared to previous years, when those prices were extremely low. Suddenly there was a strong decrease of supply, by 7%, which immediately had its positive effect on the prices.

Besides, export to most of the other countries was also negative, except for: Russia, Poland, Austria and the United States of America.

Accumulatively the export increase to Russia (with 2.4%) is still positive, but much lower than last year, when it was still 30–40%. Also remarkable is the returning of United States of America to the top-ten list.

The cut-flowers market and the obtained results in July turned out to be very poor and

disappointing. After the first five months with moderate supplied quantities, in July suddenly the weather became very nice, sunny and warm, with temperatures of around 25°–33°C during almost the entire month. Normally that is a situation when demand is at its absolute lowest, while production is booming after a long period of moderate supply.

During the first two weeks of the month prices were still reasonable, but throughout the second half of the month prices dropped down to an absolute minimum. Products, of which prices were extremely low, were roses and gerberas.

That was also a reason for importers and wholesalers to minimise the import quantities, because the cost prices could not even be reached. A good saying under certain circumstances is: "it takes two to trade". However, if one party (the buyers) is not interested in buying, than the seller will be stuck with his products.

Some products were still doing reasonably well, such as: most of the summer flowers, helianthus, gypsophila and solidago. Also proteas and leucospermum cordifolium were well demanded. However, supplied quantities of the latter two were really lowest (off season).

France

During the months of June, July and August the cut-flowers market was moderate, sometimes even poor; totally different when compared to many previous years. It is normal that everything slows down a bit during summer time, when people are on holidays, but this year all was extremely poor.

Also many wholesalers, other traders and florists closed down their businesses for a couple of weeks, because it doesn't make sense to sell so

Germany

Suddenly, as of the beginning of July and throughout the entire month, the weather became nice, sunny and warm; even hot sometimes - all ingredients for a strongly increased production, which was till the end of June far behind the normal harvest level.

At the same time demand from wholesalers, florists and consumers slowed down drastically, even though the general price level was very

As of the second week of August the market, just very slightly, improved. Not for all products, but for good varieties and special colours of roses prices doubled in a few days' time. While other regular varieties and colours obtained only very slightly higher prices.

With the start of the domestic production of hypericum, suddenly the market was flooded with quantities and prices went down to bottom level, except for very special varieties and sizes.

During the third week of August suddenly the cut-flowers market considerably further improved. Most traders, florists and consumers were back from their holidays and they started to deal with or to buy flowers again.

All exporters, wholesalers, florists and market traders started to rebuild their stocks. Prices went up for nearly all products, especially for roses, chrysanthemums, gypsophila and ornithogalum. Remarkable was that prices for other products did not increase at all, such as for gerberas, hypericum and solidago.

The major given reason was the start of the domestic season of solidago and hypericum. That is the time that import and domestic supplies are meeting. During the fourth week of the month the market slowed down drastically, and so did the prices for most articles.

little, and not earn any money. Only during the very last week of August a slight improvement of the cut-flowers market could be noticed. Of course, wholesalers and florists needed to build up their stocks again, in the hope that consumers, who are coming back from their holidays, would start to purchase flowers again.

The expectation and the hope is that the market will gradually improve as of the beginning of September.

low, for nearly all products, but especially for the big products, such as roses, gerberas, lilies, chrysanthemums, and others.

The smaller niche products were still well priced, such as: helianthus, ornithogalum, asters and gypsophila. In the Dutch and the German auctions prices were absolutely lowest, at least for the products and the quantities which had some price.

Many quantities did not even have a price, or better said – had a zero price. In such cases flowers are taken out of the market to be destroyed. Even that destruction did not bring any relief to the market in general.

Luckily, the production of roses in the East African countries was on a low level (low season). As said, prices still did not improve at all. Only from the end of the first week of August the cut-flowers market and prices just very slightly improved, which is a normal appearance in August.

Anyway, July was a very negative month from the results point of view, and during the first two weeks of August all was also considerably lower when compared to the same period of last year. July and August of last year were both good months, price and results-wise.

Italy

As traditionally, July has been a very quiet and calm month for cut-flowers business. There was hardly any demand, and temperatures of around 35°–40°C are bad for selling and buying flowers.

August was not much better. It was expected after the very good cut-flowers market of August 2012, that it may also be good this year. However, the opposite was true. There was hardly any interest from traders and consumers to buy flowers. On the other hand many wholesalers and florists took the opportunity to close their businesses for the time being,

Norway

Normally July is not a very good month for cut-flowers demand and sales. However, this year all was relatively better when compared to previous years and also when compared to previous months.

Due to different weather circumstances more products and bigger quantities were available, especially from domestic production, but also from imports, particularly originating from the Netherlands.

In general it could be stated that supplies were some 20% higher, while on the other hand prices were much lower. Still, turnovers ended up at a 4% increase.

As mentioned the year 2013, so far, is considered as a strange year, all caused by the long and cold winter and spring.

During the third week of August suddenly demand increased and prices went up considerably. Typical signs of rebuilding stocks by wholesalers and florists, and also of the first wave of people returning from summer holidays.

However, throughout the last week of the month when everybody was settled again, the market and the prices of most of the products slowed down again.

Quite some quality problems showed up in Kenyan and Ethiopian roses. Red spider, mildew and botrytis were amongst the major problems. In several cases flowers had to even be removed from the market, due to the lower quality and unsalable level. Hopefully these experiences will be temporary.

because they said it was better not to trade and therefore not to lose money. Also the economic and financial situation of the country has not improved at all, and therefore clients and customers are still very careful, even reluctant, to spend money on flowers and plants.

Only as of the very last days of August the cut-flowers market gradually and very slightly improved. The real improvement is expected at the beginning of September, traders were reporting.

As mentioned many products, cut-flowers as well as potted plants could be purchased for lower prices than normally, especially for those products originating from the Netherlands.

For instance phalaenopsis orchids, which normally were purchased for € 3.50 could be obtained now for € 2.50.

As of the beginning of August importers and wholesalers were already purchasing the first plants of erica and calluna, very traditional plants to be used at the end of the summer and the beginning of the autumn.

During the third week of August the cut-flowers and plant market started to improve gradually, and during the fourth week all further improved.

The major given reasons were the return of consumers from their summer holidays, and the special promotion actions.

Spain

As traditionally, August was this year, too, the month with the quietest and slowest market for cut-flowers and plants, which was normal, when compared to all previous years. Nearly all consumers were on vacation, and for a number of years now, many wholesalers and florists close their businesses for a number of weeks, because of lowest activities in the branch. Of course, there was, as always some trade, but as said, it was only marginal. Most importers were finishing matters concerning the past season

Sweden

July was a very poor month for cut-flowers demand and sales, when compared to last year, but also when compared to many previous years. The weather was very nice, sunny and warm, all of which are ingredients for a not-so-good flowers business. Even though prices for nearly all products were very low, traders and consumers were not interested at all in buying. As some traders said: it is not for nothing why prices are so low. It is mainly because production is high, the weather is warm and consumers are not interested in buying. They rather preferred to buy ice-creams and cold drinks.

After the long cold winter, suddenly domestic production was booming, as were the quantities of import flowers from the Netherlands. On the other hand, import quantities from Eastern African countries were not excessive at all; on the contrary, there was even some shortage of roses.

Other import products from overseas countries were sufficiently available and prices were not low; especially for carnations and spray

Switzerland

Throughout the whole month of July and the first week of August the cut-flowers market was extremely slow and quiet, especially on the trade and the demand side, while on the other hand productions of most flowers were booming, due to the very nice, but hot weather.

Most of the time temperatures were around the 30°C or even higher and that is never positive for successful cut-flowers demand and sales, let alone prices and results. Prices were at their

The absolute best seller product used in the special actions was the phalaenopsis orchid in pot.

and they are in the preparation phase for the new, coming season. It is expected that the cut-flowers trade will gradually improve from the beginning of September, when nearly everybody is back from holidays.

During the fourth week of August a workers' strike in Colombia paralysed the transport, which made it extremely difficult or even impossible to transport any cut-flowers export.

carnations from Colombia, cut greens from Florida, and cut greens from Italy.

However, flowers originating from the Netherlands were some 15–20% lower than last year.

It has to be stated that last year the weather was very poor during the months of July and August.

As of mid-August many people were coming back from their summer holidays, and they gradually started purchasing some flowers and plants again.

The third week of August turned out to be an excellent week in the cut-flowers branch. Wholesalers and florist needed to fill their stocks and consumers started to buy flowers again. During the fourth week all slightly slowed down, but still the market was reasonable. The shortage of roses, originating from East Africa, particularly from Kenya started to recover, and it would take a few more weeks until everything is plentiful again.

lowest, and that meant also lower turnovers and lower profits.

Importers were therefore adjusting their quantities all the time. Many wholesalers and florists closed their businesses completely for a few weeks, because there were no earnings at all. In such cases traders say it is better not to be active and lose money, instead of trying to sell for the absolute lowest prices without making any profits.

The market was slowest for roses, for the domestically grown ones and even more so for the imported ones.

Summer flowers, cut greens and tropical flowers were selling relatively better.

As of the second week of August the cut-flowers market slightly improved. The weather was still

very nice and hot, so demand was still limited, but growing.

Throughout the last two weeks of the month the cut-flowers market gradually improved. Most traders, florists and consumers were returning from their holidays and were starting to purchase and buy more flowers again. As traders reported, there was much more movement in the cut-flowers business again.

United Kingdom

Throughout all of July the cut-flowers market was very poor, even at bottom level, traders were reporting. There was an oversupply of most of the products, demand was at its lowest and therefore prices were very low.

Even though the prices were so low, there was hardly any interest of wholesalers, florists and consumers. Also bargaining about the prices did not help very much. The very nice, sunny, dry and warm weather was the major reason for the disastrous situation of the cut-flowers market.

For plants the situation was not better. The only exception could be made for Colombian carnations, both for the standard types as for the sprays.

Supplied quantities were not high at all and consumers like flowers with a longer vase life, so that they can enjoy them longer. As of the end of the second week of August the market improved very slightly. It is expected that the real improvement of the market will start from the end of August or the beginning of September.