



# LINEAPELLE LEATHER MARKET OVERVIEW

3<sup>RD</sup> QUARTER 2022

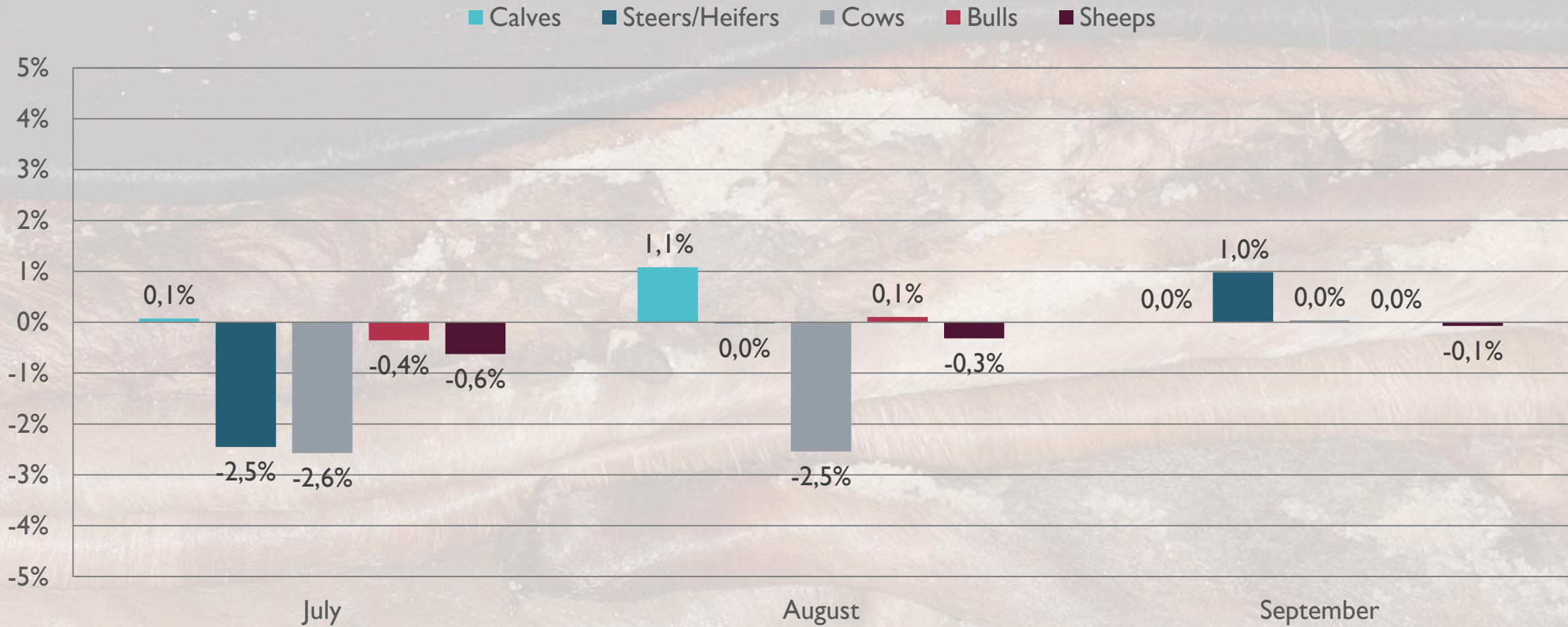
# RAW MATERIALS

## RAW AND SEMI-PROCESSED HIDES/SKINS – PRICE TRENDS

- A general overview of the third quarter of the year shows **poor dynamism** for the average price indices for the main raw and semi-finished hides and skins, with negative signs prevailing
- For **bovine raw hides**, overall changes around one percentage point over the three months analyzed for calves (positive) and bulls (negative), somewhat more volatility for medium sizes (**steers, heifers and cows**) while **bulls**, on the other hand, showed substantial stability over the period
- The average price index for **bovine wet-blue** was unchanged over the quarter, but decreased by 4 percent compared to June-no major differences shown by the various marketplaces of origin
- Slightly declining trend for the **sheepskins** price index, mainly due to declines experienced by materials of European origin

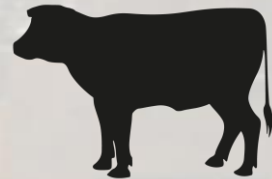
# RAW MATERIALS

## RAW HIDES/SKINS - MONTHLY VARIATIONS OF AVERAGE PRICE INDICES BY ANIMAL TYPE



# RAW MATERIALS

RAW HIDES/SKINS - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY TO SEPTEMBER 2022)

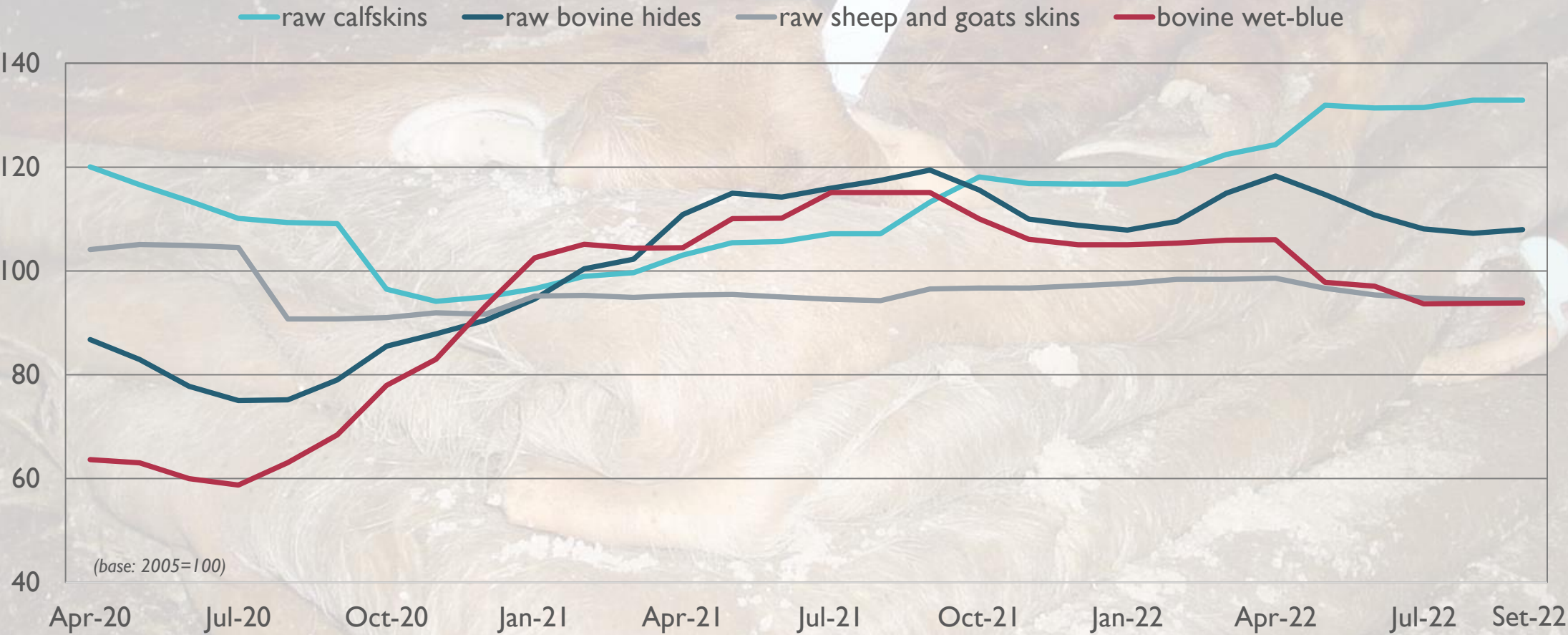


Calves	+14%	Steers, bull calves, heifers	+2%	Cows	-5%	Bulls	-15%	Sheeps	-3%
Italy	+13%	Italy (bull calves)	+7%	Italy	=	France	-17%	Iran	-2%
France	+13%	Germany (heifers)	-3%	France	=	Netherlands	+3%	Spain	-13%
Netherlands	+9%	United Kingdom (mixed)	-2%	Netherlands	-16%	Germany	+1%	New Zealand	=
Australia	+7%	Spain (bull calves)	+6%	Germany	-13%	New Zealand	-17%		
		United States (mixed)	-11%	Spain	+4%	Denmark	-8%		
		Australia (mixed)	-13%	United States	-468%				
		Sweden (mixed)	-2%	Sweden	=				
		New Zealand (bull calves)	-4%	New Zealand	+3%				
		Denmark (mixed)	+7%	Denmark	-8%				



# RAW MATERIALS

## RAW AND SEMI-PROCESSED HIDES/SKINS - LONG TERM AVERAGE PRICE INDEXES BY ANIMAL TYPE



# RAW MATERIALS

## RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING)

- Positive trend in **adult bovine** slaughtering in the available regions is confirmed, with the aggregate figure for the first three quarters of the year up by 2% compared to the same period last year - Europe shows substantial stability overall, with increases in Italy, Spain, UK, Ireland and declines in France, Germany and the Netherlands - U.S. and Brazil up, oceanic countries declining
- Very small decrease for total **calves'** slaughter volumes - While the overall European figure is unchanged, the detail of individual countries shows increases in the Netherlands, Italy, Belgium and decreases in France, Spain and Poland (the latter in double digits) - Decreases also in Australia and New Zealand (very slight)
- Slight increase in the overall picture of **sheep** slaughtering in the main regions monitored - European production shows no major change (Spain and France negative), while Australia shows increases - U.S. and New Zealand decline

# RAW MATERIALS

RAW HIDES - TRENDS IN AVAILABILITY (SLAUGHTERING) FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021



# RAW MATERIALS

## OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+35%



COTTON

+24%



WOOL

-3%



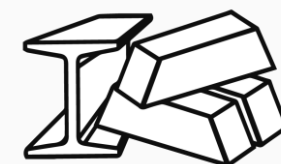
NATURAL RUBBER

-12%



SYNTHETIC RUBBER

+11%



METALS

- Aluminum -11%
- Copper -17%
- Iron -37%
- Nickel +16%
- Zinc +9%

+53%

+48%

=

-10%

+16%

- Aluminum +19%
- Copper -1%
- Iron -28%
- Nickel +44%
- Zinc +26%

■ 3<sup>rd</sup> QUARTER 2022  
VS 3<sup>rd</sup> QUARTER 2021

■ FIRST 9 MONTHS 2022  
VS FIRST 9 MONTHS 2021



## TANNING SECTOR TRENDS

- **An upward trend prevails** in the quarter under analysis also for the average sales/export indexes of tanneries, although negative exceptions are accentuated and multiplied, amplified by the energy consequences and general economic uncertainty brought by the Russian-Ukrainian conflict
- Among **medium to large bovine**, the main exceptions to the bullish trend are Germany in Europe and the main Latin American producers (Brazil, Argentina, Mexico) - The rest of the overall picture looks positive
- In the three summer months, the **small bovine (calves)** shows an abrupt stop in Italy and Spain, but the aggregate over the first 3 quarters is (still) positive for them as well
- On the other hand, the situation **for sheep and goat leather** remains decidedly positive, the segment continues to rise without exception among the most important players globally

# TANNING SECTOR

## TURNOVER INDEX TRENDS IN ITALY



### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021



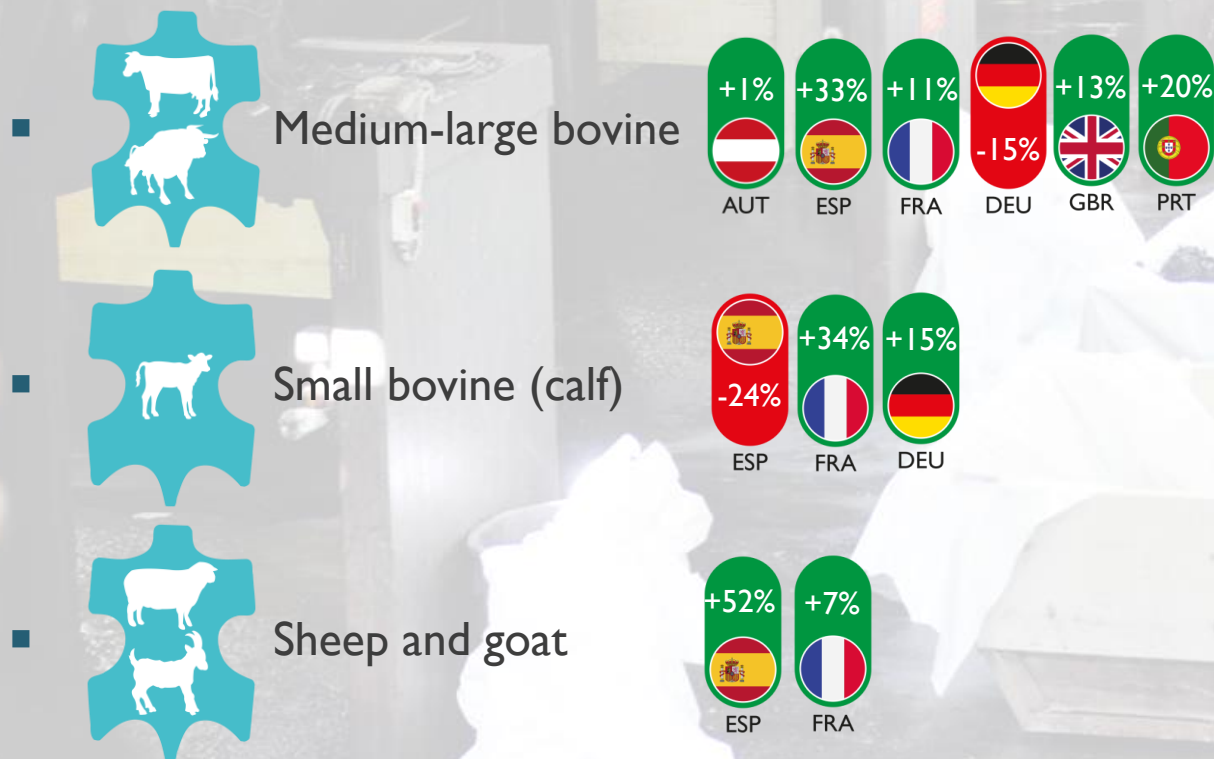


# TANNING SECTOR

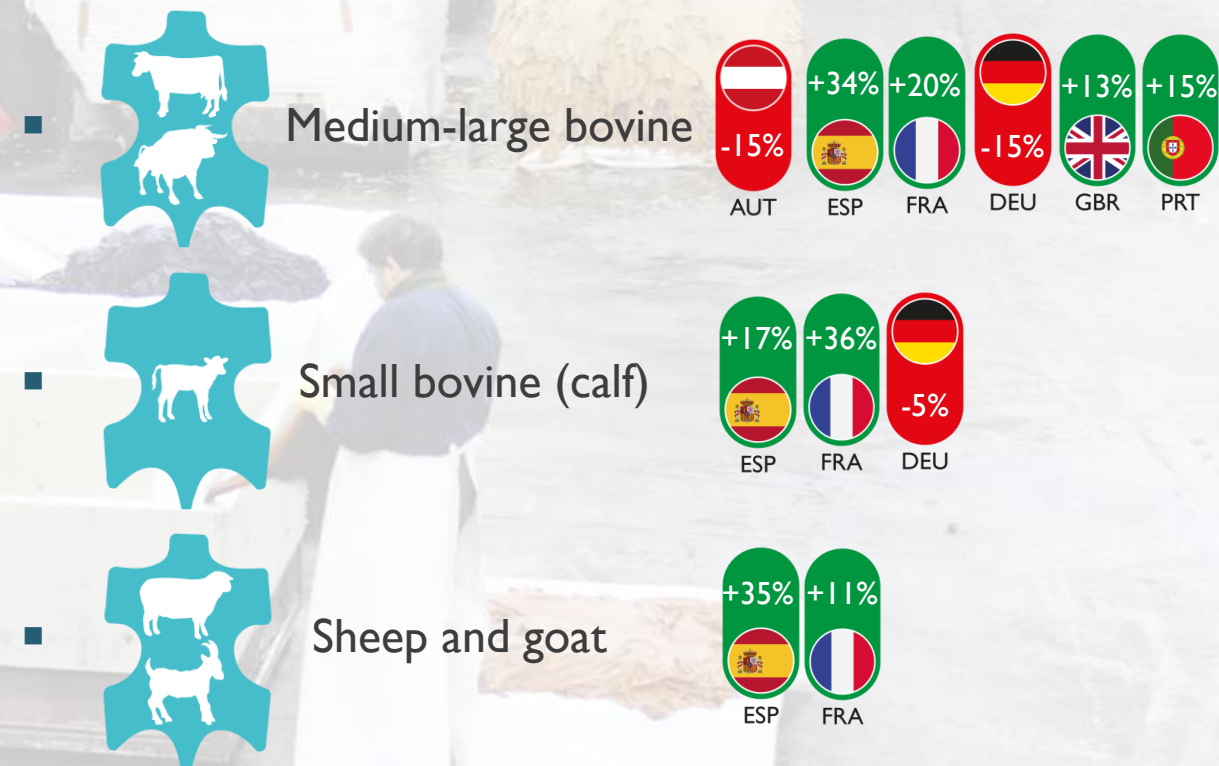
## EXPORT INDEX TRENDS IN EUROPE



### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021



# TANNING SECTOR

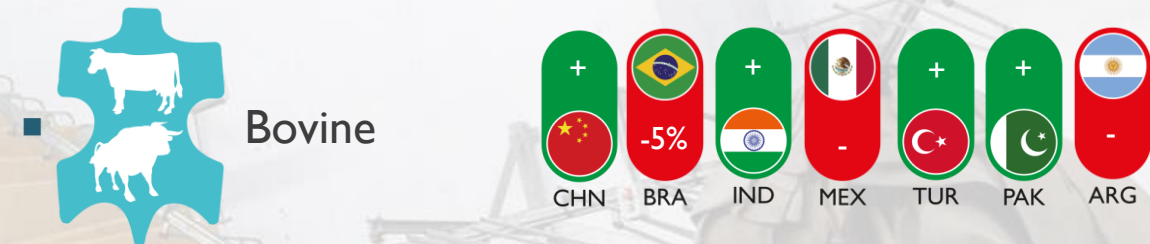
## EXPORT INDEX TRENDS IN THE WORLD



3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021



FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021



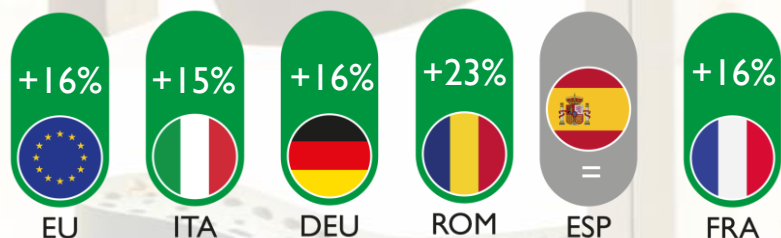


# ACCESSORIES AND COMPONENTS SECTOR

## EXPORT INDEX TRENDS

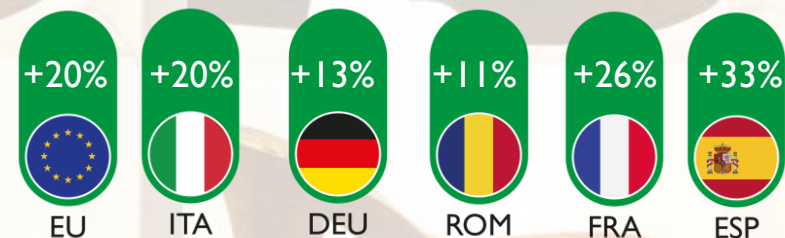
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

Very positive trend for the sector in the long-term comparison, where the EU average posts a double-digit increase. Segment breakdown mostly rewards small metal parts and other accessories. Some uncertainties for other footwear accessories instead.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

Excellent growth for accessories and components in partial 2022: +20% the European average. All segments are in positive territory, with small metal parts gaining momentum. The results for other accessories and other footwear accessories are also encouraging.

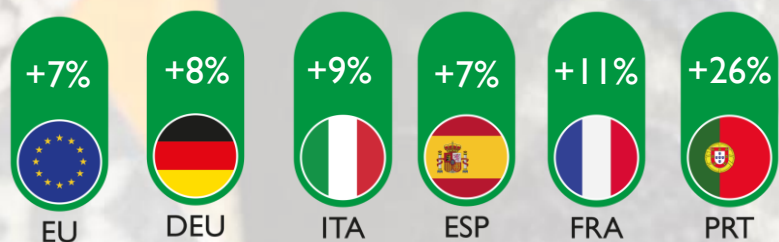


# TEXTILES AND SYNTHETICS SECTOR

## EXPORT INDEX TRENDS

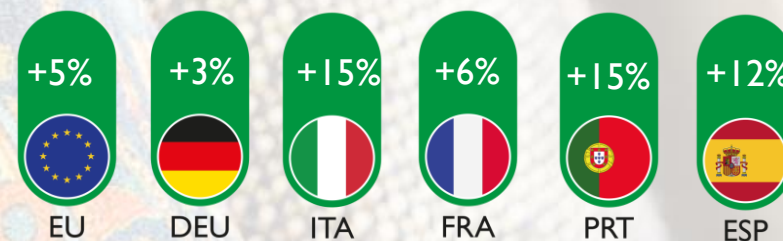
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

Positive European average dynamics for the sector: +7%. Widespread increases in all segments, although synthetic fabric materials show more hesitant results among major EU producers. Regenerated leather fibers performed well despite the downturn among Italian producers.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

Textiles and synthetics on the rise in cumulative 2022, with the EU average standing at +5% growth. Moderate increases for synthetics, more expansive growth in synthetic fabric materials, driven by Italians and Spanish.

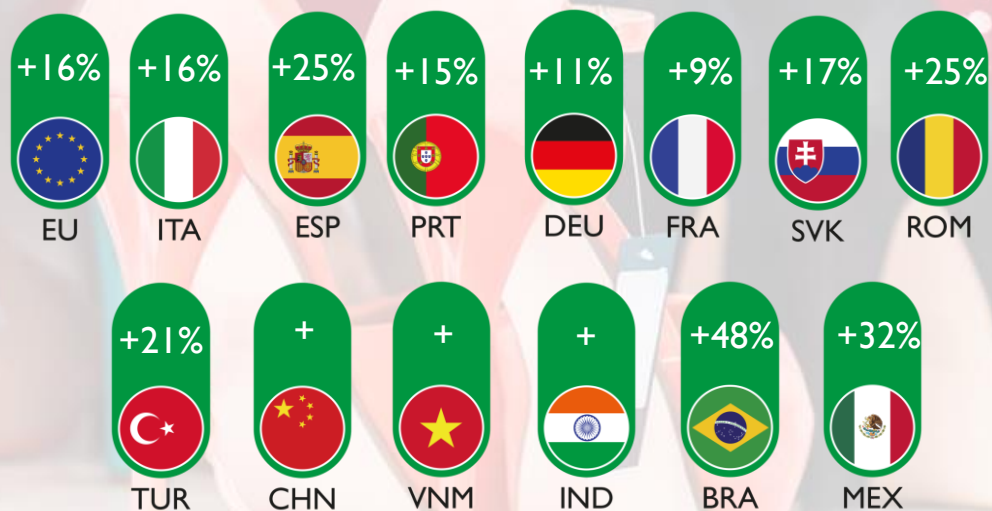


# FOOTWEAR

## EXPORT INDEX TRENDS

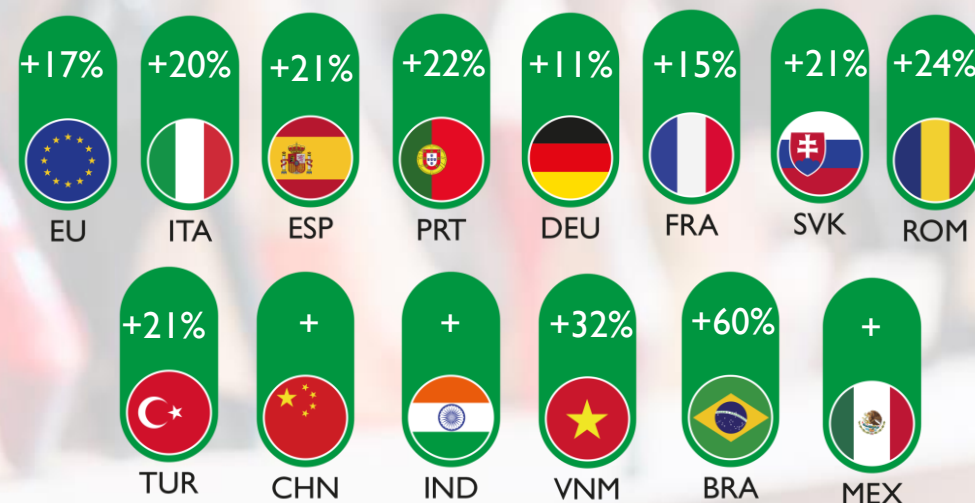
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

European manufacturing growth continues in Q3 2022, with all major manufacturers up by double digits. Non-European partners also accelerate.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

Partial 2022 shows very lively for all major EU footwear manufacturers, particularly Mediterranean and Eastern European. Double-digit rises even beyond EU borders.



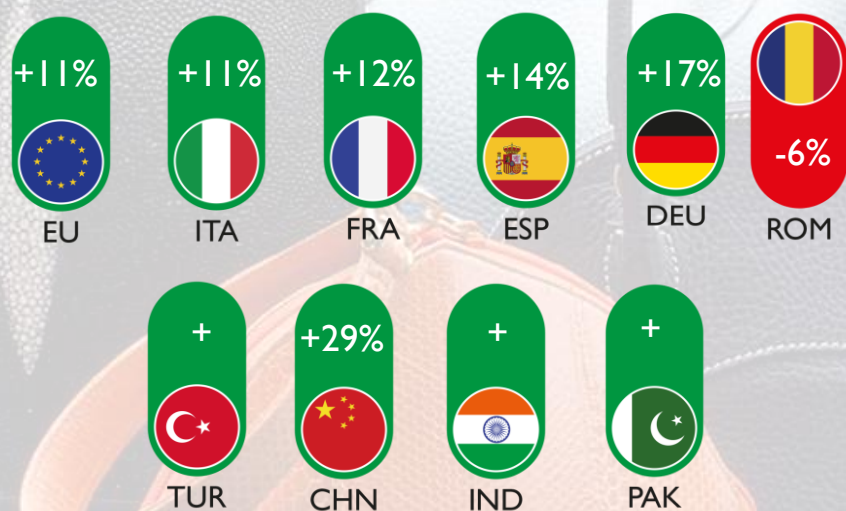


# LEATHER GOODS

## EXPORT INDEX TRENDS

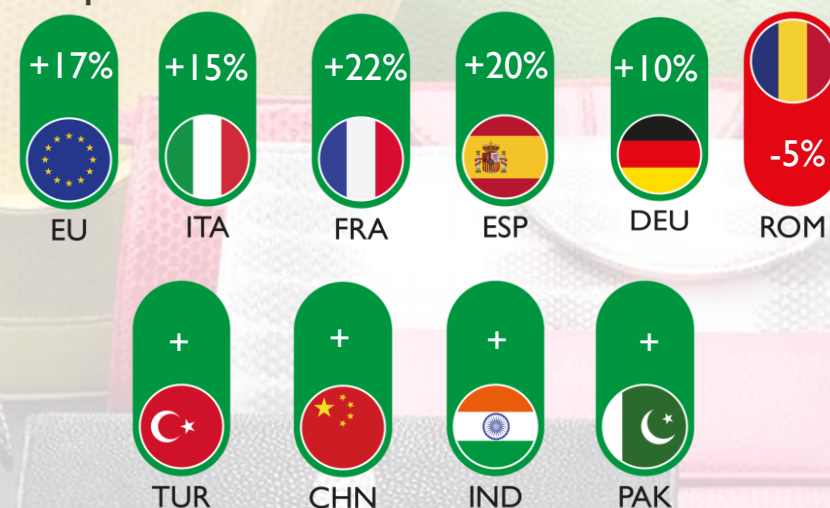
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

The third quarter shows persistent growth in the EU sector over the corresponding 2021, despite the stunting of Romanian producers, declining. Extra-EU players are dynamic.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

The performance of European manufacturers in cumulative 2022 is confirmed to be decidedly expansive with widespread double-digit increases except for Romania, which is on the decline. Positive confirmations for non-EU producers as well.



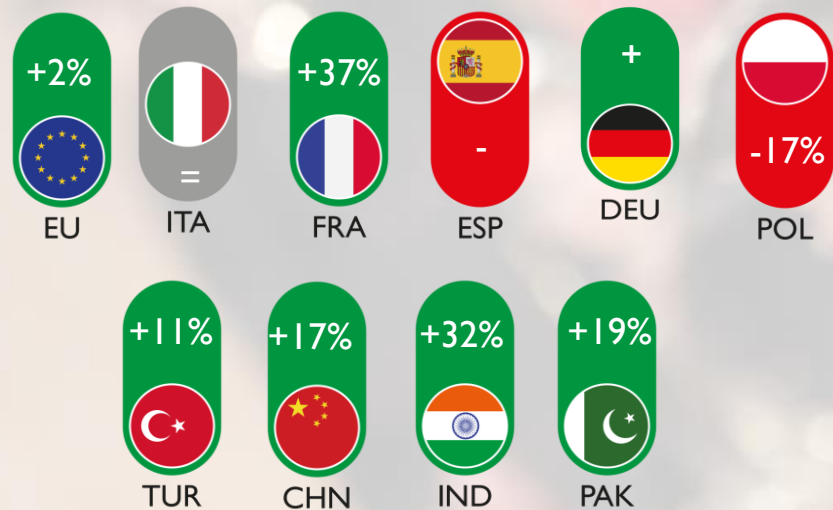


# LEATHER CLOTHING

## EXPORT INDEX TRENDS

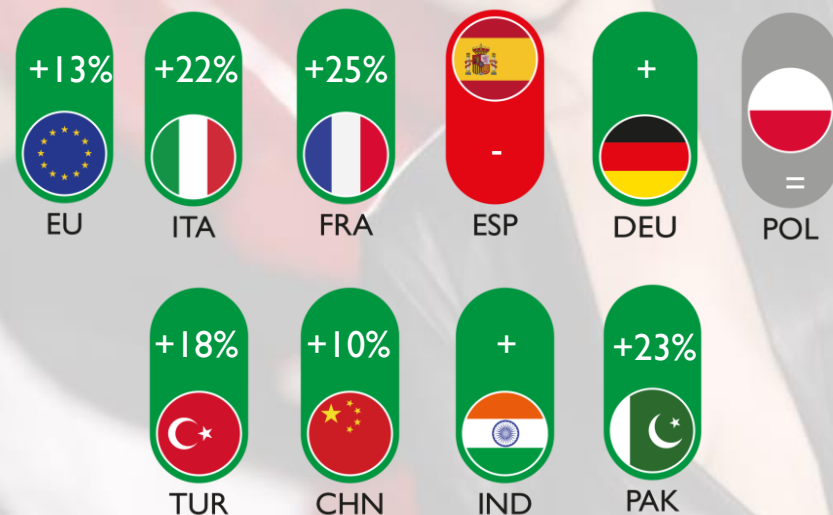
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

European apparel manufacturers move at two speeds in the long-term comparison, where the EU average grows by 2%, thanks to the newfound momentum of the French, but suffers from Spanish and Polish losses. Positive scenario for competitors abroad.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

Very positive performance of Italians and French in short-term comparison, which pushes up all European manufacturers. Spanish difficulties persist. Expansive international picture for non-EU partners.

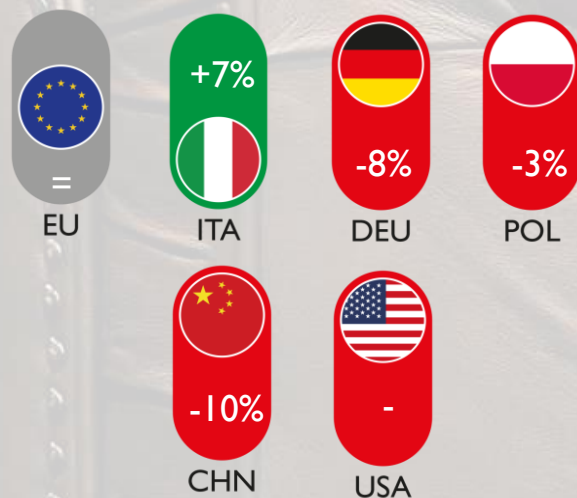


# UPHOLSTERED FURNITURE

## EXPORT INDEX TRENDS

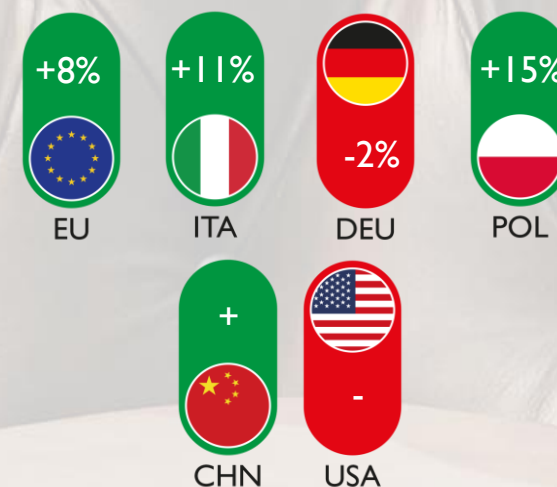
### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

The third quarter 2022 marks the furniture setback in comparison with the corresponding 2021, with declines both in Europe and abroad. The only positive note comes from Italian manufacturers, on the rise.



### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

Excellent performance of Italians and Poles offsets German difficulties and pushes up EU results in partial 2022. Lights and shadows beyond EU borders: China holds while the U.S. retreats, challenged by a slowdown in domestic demand.

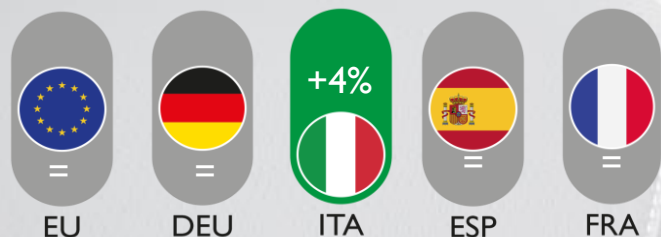


# AUTOMOTIVE

## TURNOVER INDEX TRENDS

### 3<sup>rd</sup> QUARTER 2022 VS 3<sup>rd</sup> QUARTER 2021

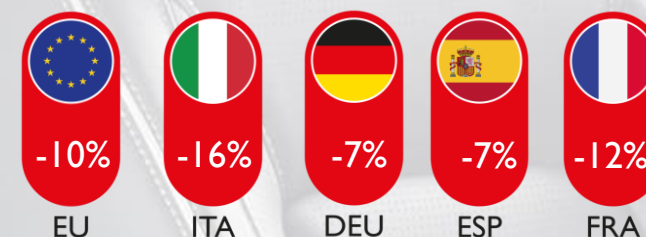
- Predominantly stable registrations of new European cars in seasonal comparison, with a recovery on the previous quarter's downward trend.



- Overall, rising energy and production costs, high inflation rates and declining EU consumer income are still putting a strain on the entire automotive system.

### FIRST 9 MONTHS 2022 VS FIRST 9 MONTHS 2021

- Comparison with cumulative 2022 shows the suffering of the European auto sector compared to last year. Difficulties arise in all major markets, with significant losses especially in Italy and France.



- Among the largest non-EU players, new car registrations grow only in China (+14%), India (+18%) and Mexico (+2%). The US decelerates (-13%).
- UK registrations are also down: -8% in the period



# LUXURY

## 9 MONTHS 2022 RESULTS

Very positive results for luxury fashion brands in the partial 2022 aggregate. The trend is still upward also thanks to the good performance observed in the third quarter of the current year. Promising but cautious are the medium- to long-term prospects where concerns about monetary, geopolitical and economic uncertainties at the global level do not fade.

- **LVMH** - up 20% in the organic sales for the French giant in the first 9 months 2022 compared to the equivalent 2021. The fashion and leather goods division is confirmed as the group's most dynamic segment: up 24% in the period. Extraordinary performance by Louis Vuitton, Dior, Celine, Loewe, Loro Piana and Fendi.
- **KERING** - Increase of 14% for the French luxury group's sales in cumulative 2022. Gucci growth slows down (+9%), YSL shines (+30%), Bottega Veneta (+14%) and the other brands of the group (+13%) perform very well. Particularly positive sales for Balenciaga and Alexander McQueen. Brioni's recovery continues.
- **HERMÈS** - The French fashion house's excellent sales trend continues, putting up 24% sales growth in partial 2022 (constant rates) thanks to an excellent third quarter. Asia did well, benefiting from the recovery in China. Very positive demand in Europe and the Americas. On the rebound of mainland China demand, which was quite dynamic in the third quarter of this year, the leather goods division grows by 13% in the first 9 months 2022.
- **TOD'S** - Revenues +13% (constant rates) for the group in partial 2022. Rebound for Tod's (+20%). Increases for Hogan (+8%), Fay (+7%) and Roger Viver (+7%). Excellent dynamics of the leather goods division (+36%), good footwear (+9%).
- **FERRAGAMO** - Revenues for the Florentine group grew by 13% in the first 9 months 2022, despite restrictions in China pushing down sales in Asia Pacific. Double-digit rises in other markets, though. Sales up by 15% for footwear, +6% instead for leather goods.



# NOTES

- Lineapelle processes and estimates data provided by statistical institutions, government bodies, international organizations, trade associations, retailers and other public/private sources
- Country acronyms refer to the official ISO alpha 3 classification
- Commodity prices. Historic price series are calculated on the basis of average price quotations in dollars (USD)
- Raw hides and skins/semi-processed leather prices. Historic original price series are collected by agents and publications in the industry and indexed using the base line 2005=100, maintaining the exchange currency used for purchases on the export market

By Servizio Economico Lineapelle

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