



# LINEAPELLE LEATHER MARKET OVERVIEW

I QUARTER 2018

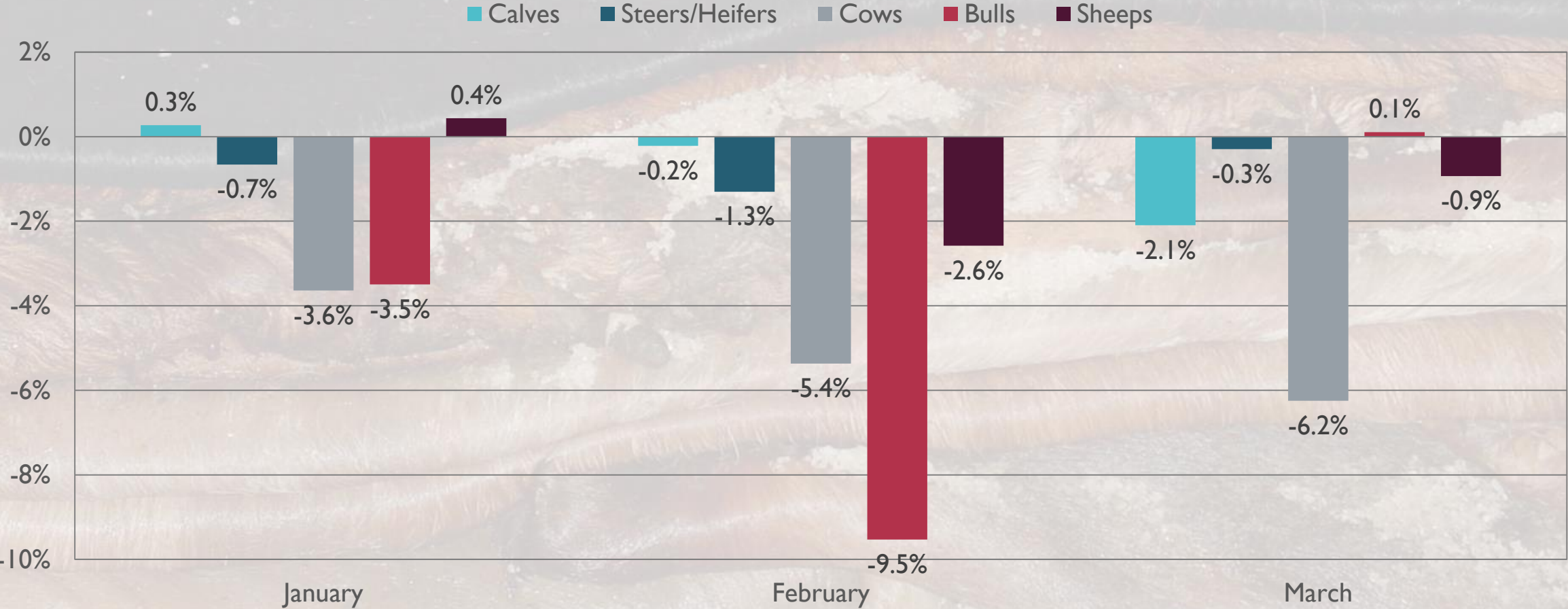
# RAW MATERIALS

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

- **Widespread downward trend** in the average price indices for leather raw materials in the first months of 2018
- Among the main kinds of **bovine raw hide**, the downturn appears more consistent for large sizes (cows and bulls) compared to small-medium sizes (steers, heifers, bullocks, calves)
- For **cows, bulls** and **young bovines**, the downward trend has not really spared any of the main export markets (with some exceptions for young bovines)
- More uneven variations for **calves** (Netherlands slightly up, Spain and Australia stable)
- **Sheep** slightly down on the more important import markets
- The general index of **bovine wet blue** recorded a drop of 2% between January and March, with a monthly trend that has see-sawed noticeably – among the main places of origin, Brazil -2%, New Zealand -6%, Australia stable

# RAW MATERIALS

## RAW HIDES - MONTHLY VARIATION OF AVERAGE PRICE INDICES BY ANIMAL TYPE



# RAW MATERIALS

## RAW HIDES - AVERAGE PRICE CHANGES BY ANIMAL TYPE/ORIGIN (FROM JANUARY 2018)

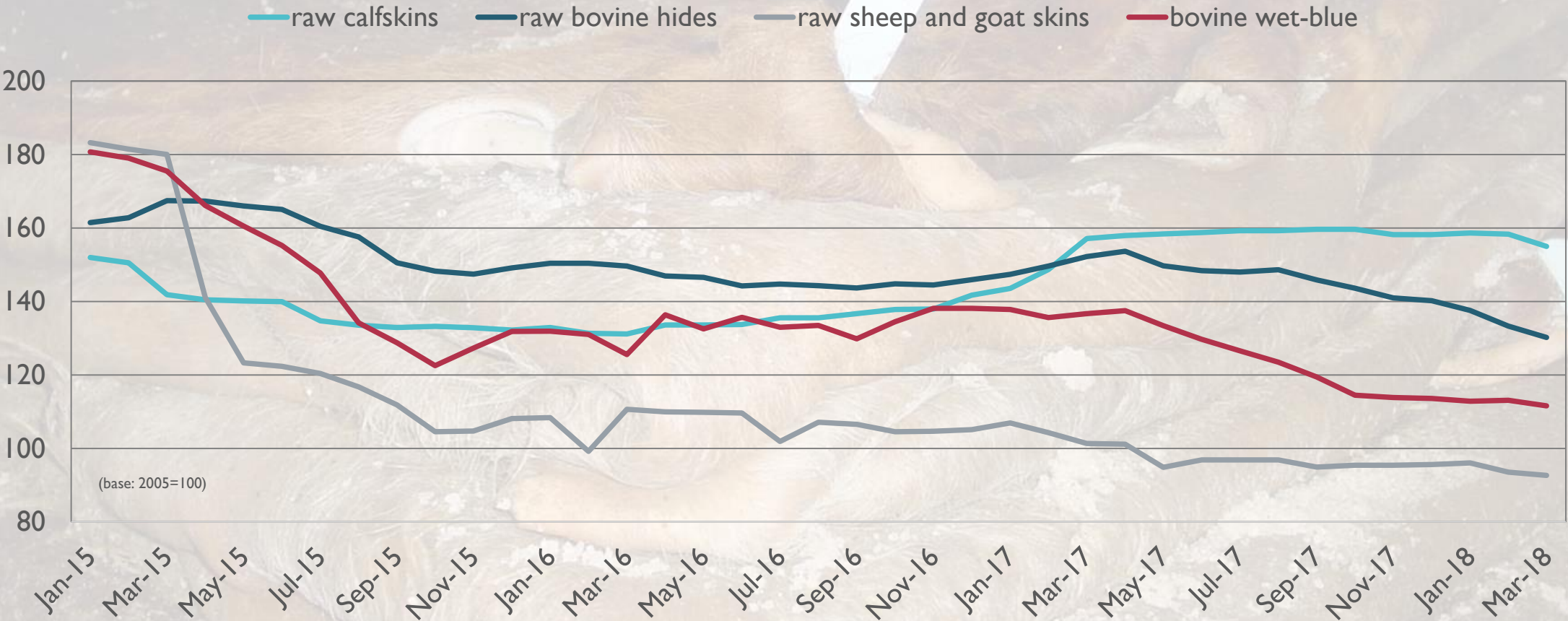


Calves	-2%	Steers, bull calves, heifers	-2%	Cows	-15%	Bulls	-13%	Sheeps	-3%
Italy	-1%	Italy (bull calves)	-1%	Italy	-3%	France	-14%	Iran	-5%
France	-4%	Germany (heifers)	-8%	France	-25%	Netherlands	-5%	Spain	-3%
Netherlands	+1%	United Kingdom (mixed)	-3%	Netherlands	-7%	Germany	-4%	New Zealand	-1%
Spain	=	Spain (bull calves)	=	Germany	-2%	New Zealand	-3%		
Australia	=	United States (mixed)	+3%	Spain	=	Denmark	-3%		
		Australia (mixed)	=	United States	-3%				
		Sweden (mixed)	-7%	Sweden	-16%				
		New Zealand (bull calves)	-3%	New Zealand	-3%				
		Denmark (mixed)	-3%	Denmark	-11%				



# RAW MATERIALS

RAW HIDES AND SKINS AND SEMI-FINISHED LEATHER – LONG TERM AVERAGE PRICE INDECES BY ANIMAL TYPE



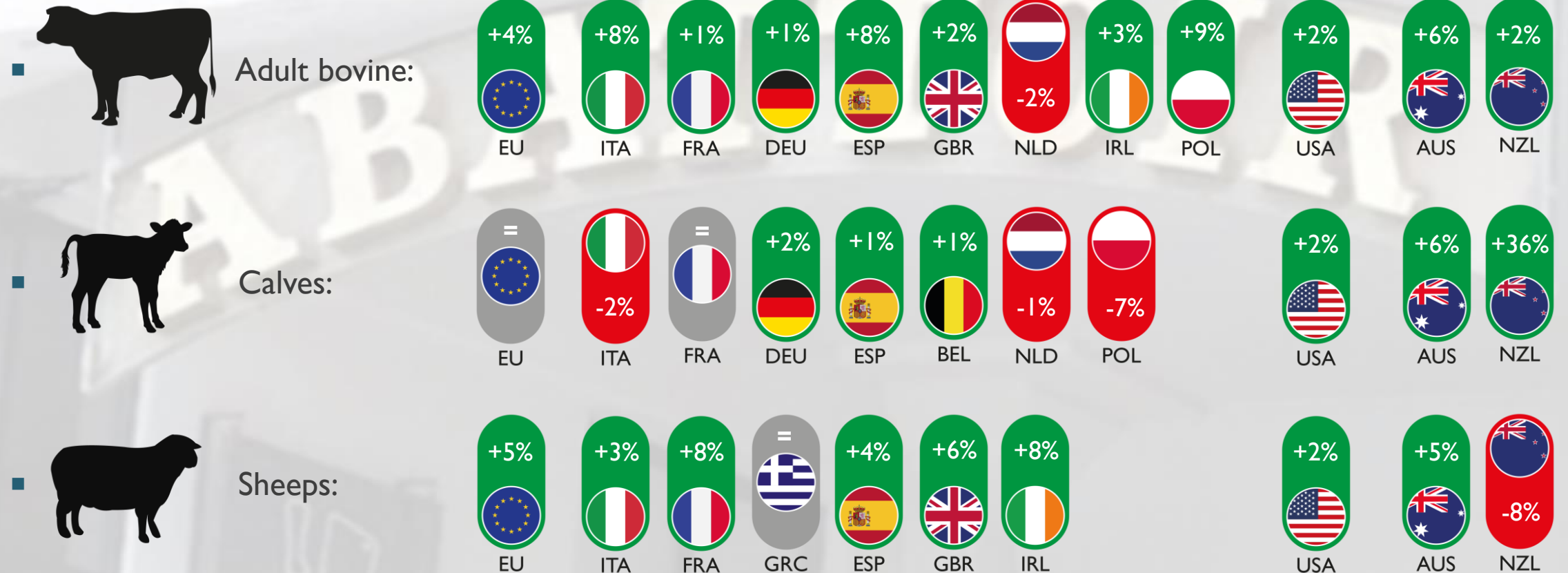
# RAW MATERIALS

## RAW HIDES – TRENDS IN AVAILABILITY (SLAUGHTERING)

- The levels of slaughter of **adult bovines** increased in the first months of 2018 (+3% of the global sample analysed) – Situation widely positive in Europe (only Netherlands among the main producing nations is down), in Oceania and in the Americas (2018 data for Argentina and Brazil are missing, but the trend there at the end of 2017 was confirmed to be rising)
- The global picture for the slaughtering of **calves** was essentially unchanged at the start of the year compared to the same period in 2017 – Stability can mainly be attributed to the EU bloc, where the growth of Belgium, Spain and Germany is balanced by the downturn in Italy, Netherlands and Poland; it is rising also in the USA, Australia and in New Zealand, where it is in double digit
- Also stable is the overview of **sheep** slaughter – Production volumes are rising in the European Union (above all due to France, Spain, United Kingdom and Ireland), USA and Australia, whilst New Zealand shows a net seasonal reduction

# RAW MATERIALS

RAW HIDES – TRENDS IN AVAILABILITY (SLAUGHTERING) I QUARTER 2018 VS I QUARTER 2017



# RAW MATERIALS

## OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+22%

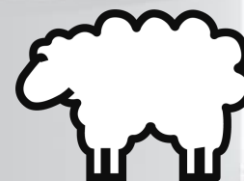
+10%



COTTON

+7%

+11%



WOOL

In this period of 2018 wool prices continued to increase, driven by the rise of Chinese and European demand

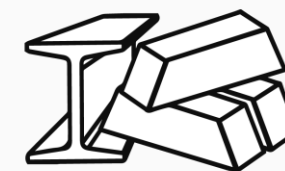
Also promoting the trend is the booming sportswear industry



NATURAL RUBBER

-32%

+7%



METALS

- Aluminium +16%
  - Copper +19%
  - Iron -13%
  - Nickel +29%
  - Zinc +23%
- 
- Aluminium +2%
  - Copper +2%
  - Iron +13%
  - Nickel +15%
  - Zinc +6%

■ I QUARTER 2018  
VS I QUARTER 2017

■ I QUARTER 2018  
VS IV QUARTER 2017



# TANNING SECTOR

## TRENDS

- Data from the first months of 2018 seem to have essentially **confirmed the trends** that characterised the sector last year
- The **medium-large bovine** segment continues to show better results overall but within it the dynamics seem more uneven – Italy, Germany, the Iberian Peninsula, France, Turkey and the Indian subcontinent are growing; China, Austria, United Kingdom and the main Latin American countries are slowing
- **Small bovines (calves)** are not doing that well; on average, they are generally stable (Italy, France) or decreasing (Spain), above all because of difficulties in demand in the footwear industry
- A minus sign still dominates **sheep and goats**, with overall data positive only in Spain and Turkey – greater difficulties in Italy, France and the more important Asian producers

# TANNING SECTOR

## TURNOVER INDEX TRENDS



### I QUARTER 2018 VS I QUARTER 2017



### I QUARTER 2018 VS IV QUARTER 2017

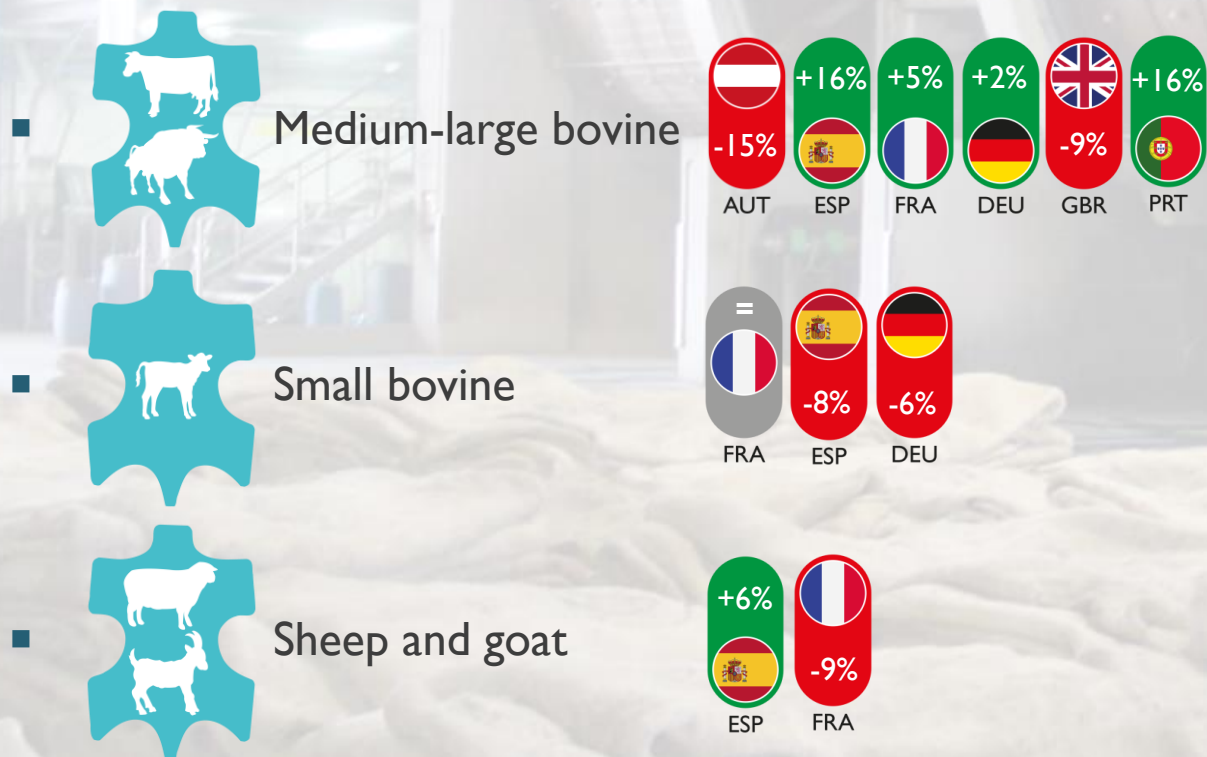


# TANNING SECTOR

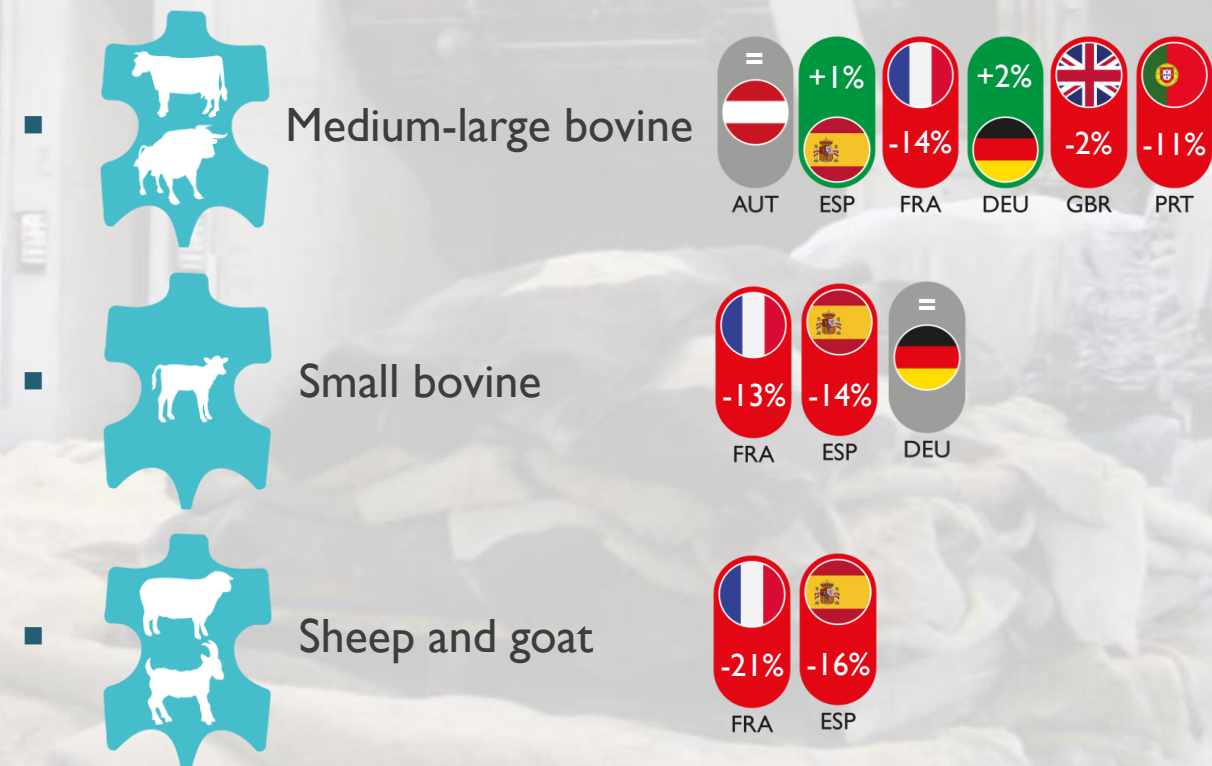
## TURNOVER INDEX TRENDS



### I QUARTER 2018 VS I QUARTER 2017



### I QUARTER 2018 VS IV QUARTER 2017





# TANNING SECTOR

## TURNOVER INDEX TRENDS



### I QUARTER 2018 VS I QUARTER 2017



Bovine



Sheep and goat



### I QUARTER 2018 VS I QUARTER 2017



Bovine



Sheep and goat



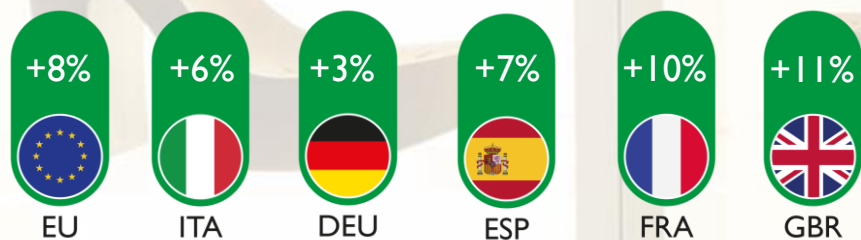


# ACCESSORIES AND COMPONENTS SECTOR

## TURNOVER INDEX TRENDS

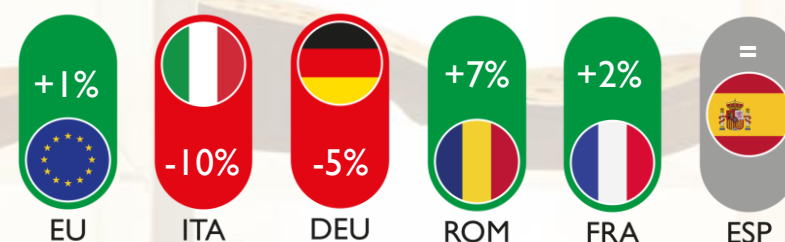
### I QUARTER 2018 VS I QUARTER 2017

Marked increases in turnover in the sector, supported by the very positive trend in small metal components and footwear components. The trend in other accessories is weaker.



### I QUARTER 2018 VS I QUARTER 2017

Slight increases for the sector in short-term comparisons. The good performance of metal components stands out, but there is greater uncertainty for footwear components. Other accessories plod on.

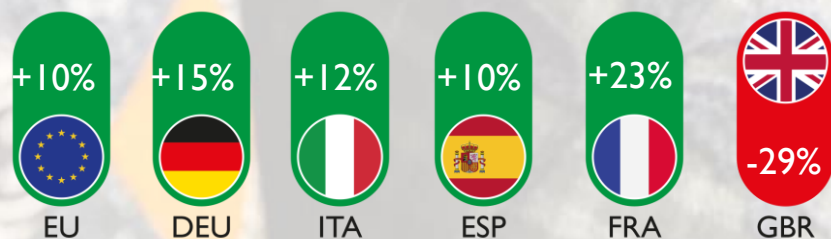


# TEXTILES AND SYNTHETICS SECTOR

## TURNOVER INDEX TRENDS

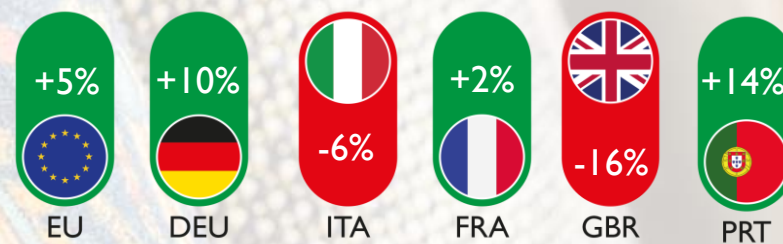
### I QUARTER 2018 VS I QUARTER 2017

The long-term trend sees the sector bullish overall. Circumstances are encouraging the performance of synthetic fibre/artificial textiles above all. But greater uncertainty for synthetics and regenerated.



### I QUARTER 2018 VS I QUARTER 2017

Short-term comparisons confirm the positive momentum of the sector. Synthetic fibre/artificial textiles and synthetics are good. Leather fibre recyclables are critical.

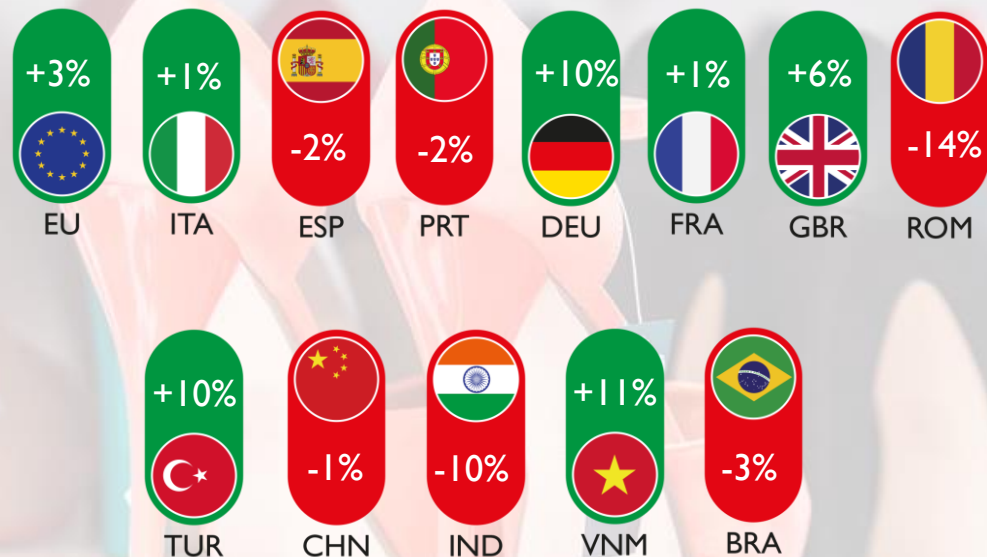


# FOOTWEAR

## TURNOVER INDEX TRENDS

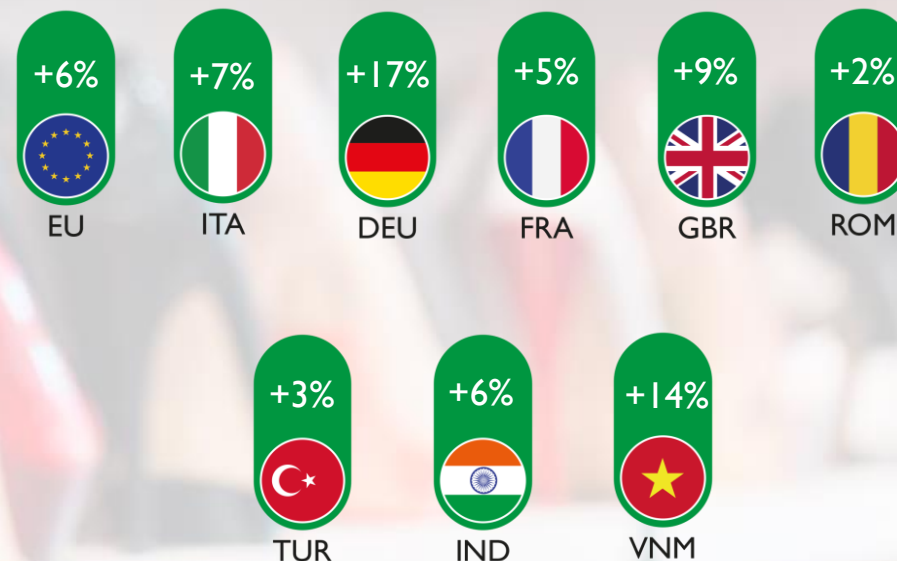
### I QUARTER 2018 VS I QUARTER 2017

Circumstances are broadly positive for the sector, with just a few exceptions. The fall in the Chinese sector is slowing.



### I QUARTER 2018 VS I QUARTER 2017

In the short term, double digit recovery trends for the Iberian Peninsula, China and Brazil.



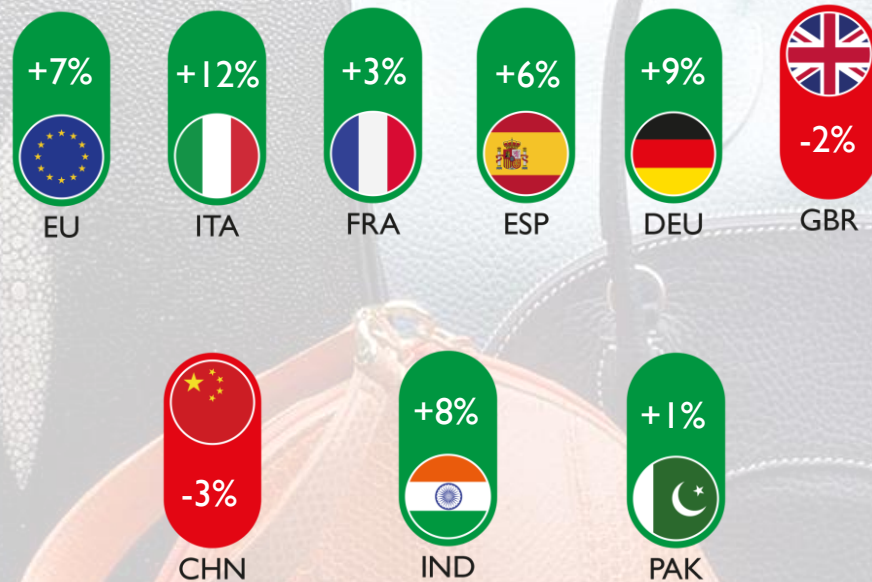


# LEATHER GOODS

## TURNOVER INDEX TRENDS

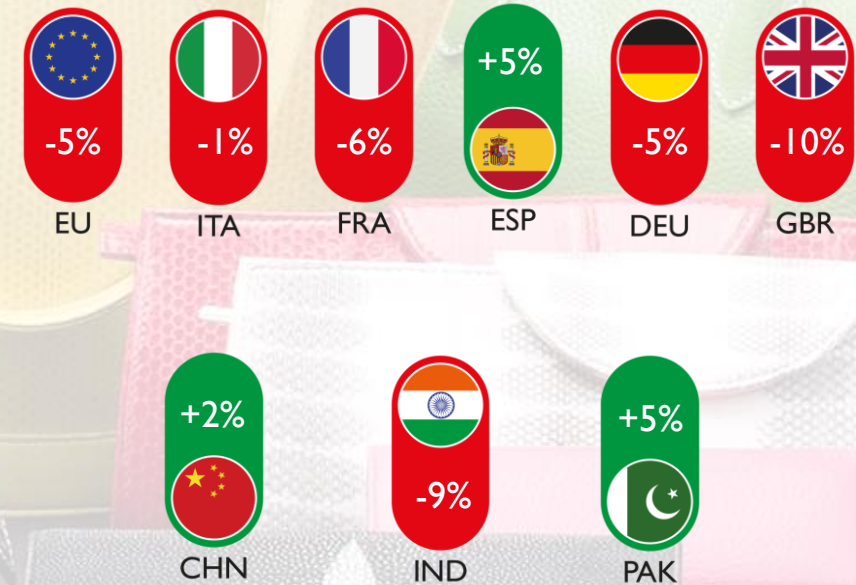
### I QUARTER 2018 VS I QUARTER 2017

Evidence of the sector's vigour in Europe, Chinese exports are struggling.



### I QUARTER 2018 VS I QUARTER 2017

In Europe, negative stability in the short term connected with seasonal events. Signs of recovery for China.



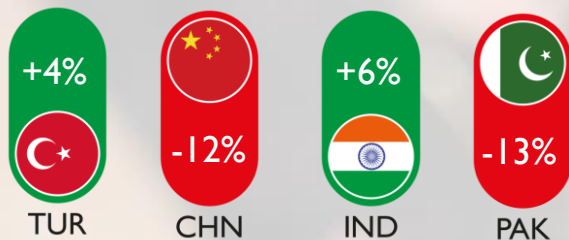
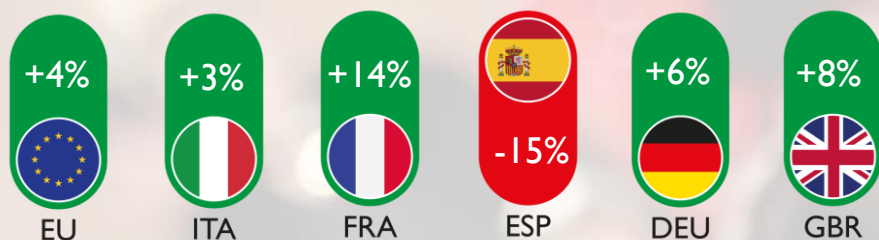


# LEATHER CLOTHING

## TURNOVER INDEX TRENDS

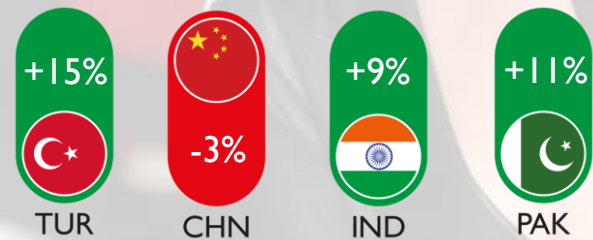
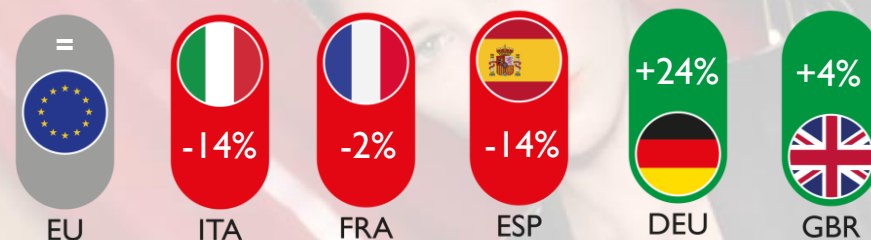
### I QUARTER 2018 VS I QUARTER 2017

Positivity prevails in Europe; greater difficulties in Asia.



### I QUARTER 2018 VS I QUARTER 2017

Alongside European stability are the generally positive circumstances of the Asian area.

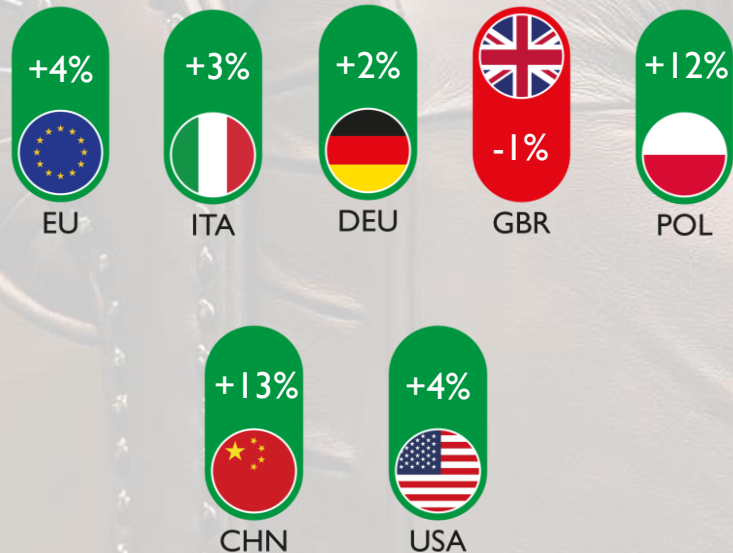


# UPHOLSTERED FURNITURE

## TURNOVER INDEX TRENDS

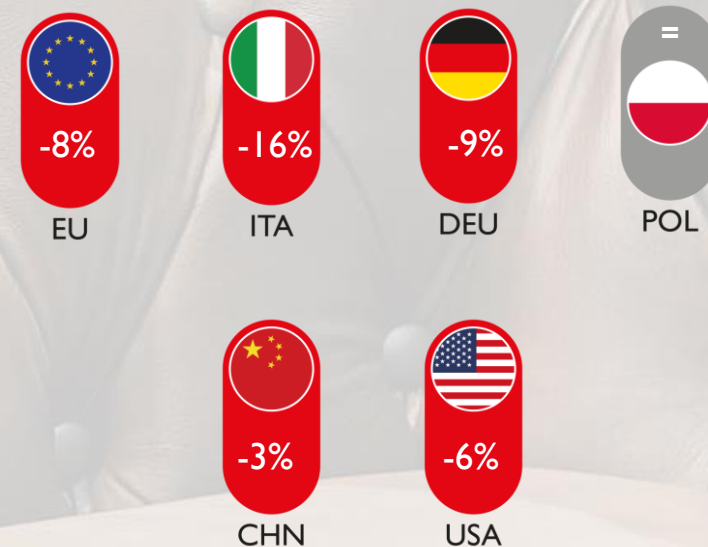
### I QUARTER 2018 VS I QUARTER 2017

At the start of the year upholstery was, on average, in the black



### I QUARTER 2018 VS IV QUARTER 2017

Comparison with the fourth quarter of 2017 is negative

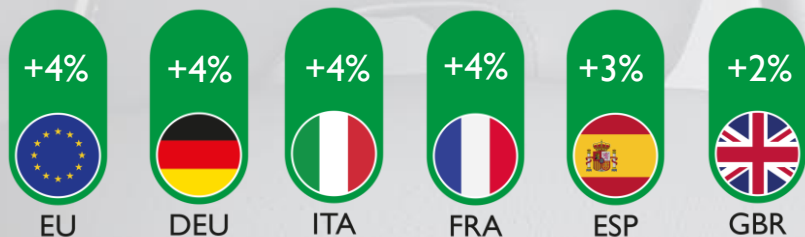


# AUTOMOTIVE

## TURNOVER INDEX TRENDS

### I QUARTER 2018 VS I QUARTER 2017

- Positive trend in vehicle production in the EU



- Registrations overall slightly down in Italy, but double-digit growth for the superior/luxury and SUV segments
- EU market stable on average

### I QUARTER 2018 VS I QUARTER 2017

- In the short term there has been no significant variation in car production of the main EU manufacturers
- Positive trend in registrations compared to the last three months of the year
- The automobile sector is looking bright in China, the US market is stable

# LUXURY

## I QUARTER 2018 RESULTS

- At the start of 2018, upward trends for the main EU high-end labels that, despite the poor exchange rate and uncertainty at global level, economically and politically, are continuing with the positive dynamic recorded last year.
- **LVMH** – consistent growth in turnover of 13%. Positive momentum for all the group's labels starting with Louis Vuitton. Solid performance from Dior, Fendi, Loro Piana and Céline are also doing well.
- **KERING** – Income at +36.5% in the quarter. Gucci (+49% income) is unstoppable, followed by Yves Saint Laurent (+20%) and Bottega Veneta (+0.7%). Balenciaga and Alexander McQueen satisfactory.
- **HERMÈS** – Income up by 11% in the quarter. The leather and saddlery division has seen a significant increase: +8%.
- **TOD'S** – Decline in consolidated turnover by 2%. Roger Vivier displays the exchange rate effect (limited to -3% at constant rates), Hogan is suffering from the weakness of the Italian market (-5%). Slight increases for Tod's (+1.3%) supported by footwear sales, which rose in the quarter. Setback for Fay (-12%).
- **FERRAGAMO** – Income growth of 2% (steady rates). Leather goods forging ahead (+7%), footwear is suffering (-2%).



# NOTES

- Lineapelle processes and estimates data provided by statistical institutions, government bodies, international organisations, 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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