



# LINEAPELLE LEATHER MARKET OVERVIEW

3<sup>rd</sup> QUARTER 2018



# RAW MATERIALS

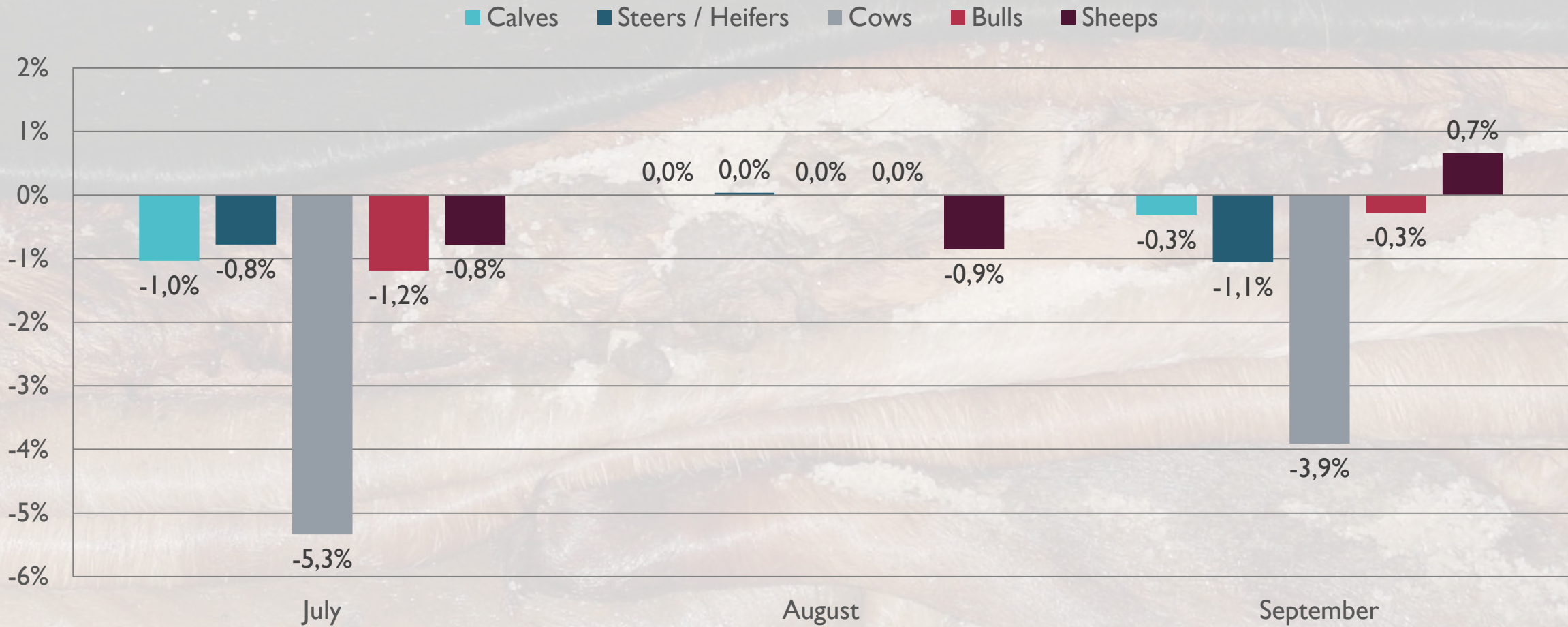
## RAW HIDES AND SKINS AND SEMI-PROCESSED LEATHER – PRICE TRENDS

- The **widespread downward trend** in the average price indices for leather raw materials, continues although the decreases look quite variable
- Among the main kinds of **bovine raw hide**, cows are the segment most affected by the decreases, compared to very much lower monthly falls for calves, bulls and other bovine typologies
- **Sheep** general price index still fluctuating, but the monthly variations look quite limited overall
- The **bovine wet-blue** average price index went down at the beginning of the quarter (June -3%), before reaching a substantial stability (-16% from the beginning of the year) – Brazil pushes the downward trend (-7% in the summer period , -29% from the beginning of 2018)



# 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)

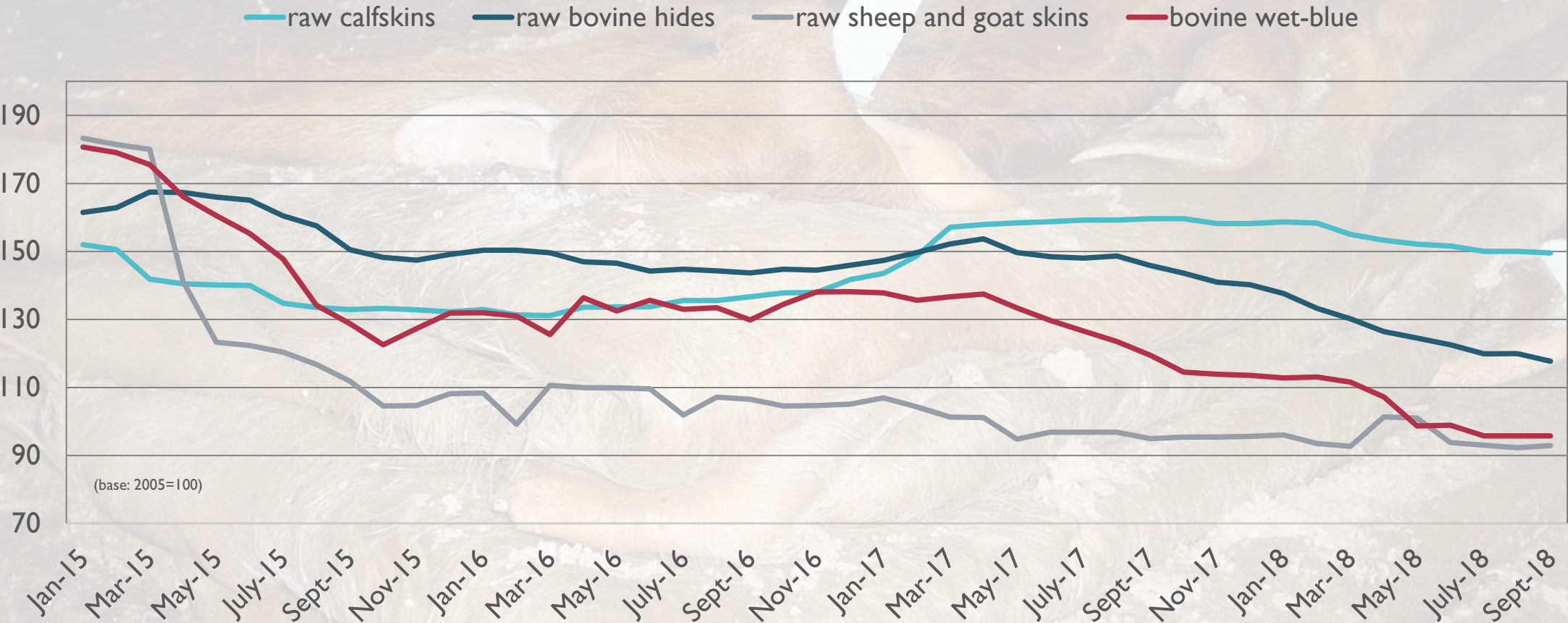


Calves	-5%	Steers, bull calves, heifers	-6%	Cows	-33%	Bulls	-14%	Sheeps	-3%
Italy	-3%	Italy (bull calves)	-4%	Italy	-5%	France	-15%	Iran	-1%
France	-8%	Germany (heifers)	-6%	France	-38%	Netherlands	-16%	Spain	-26%
Netherlands	-3%	United Kingdom (mixed)	-5%	Netherlands	-34%	Germany	-11%	New Zealand	-4%
Spain	=	Spain (bull calves)	-12%	Germany	-26%	New Zealand	-11%		
Australia	=	United States (mixed)	-25%	Spain	-57%	Denmark	-12%		
		Australia (mixed)	=	United States	-55%				
		Sweden (mixed)	-11%	Sweden	-40%				
		New Zealand (bull calves)	-7%	New Zealand	-11%				
		Denmark (mixed)	-8%	Denmark	-27%				



# RAW MATERIALS

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



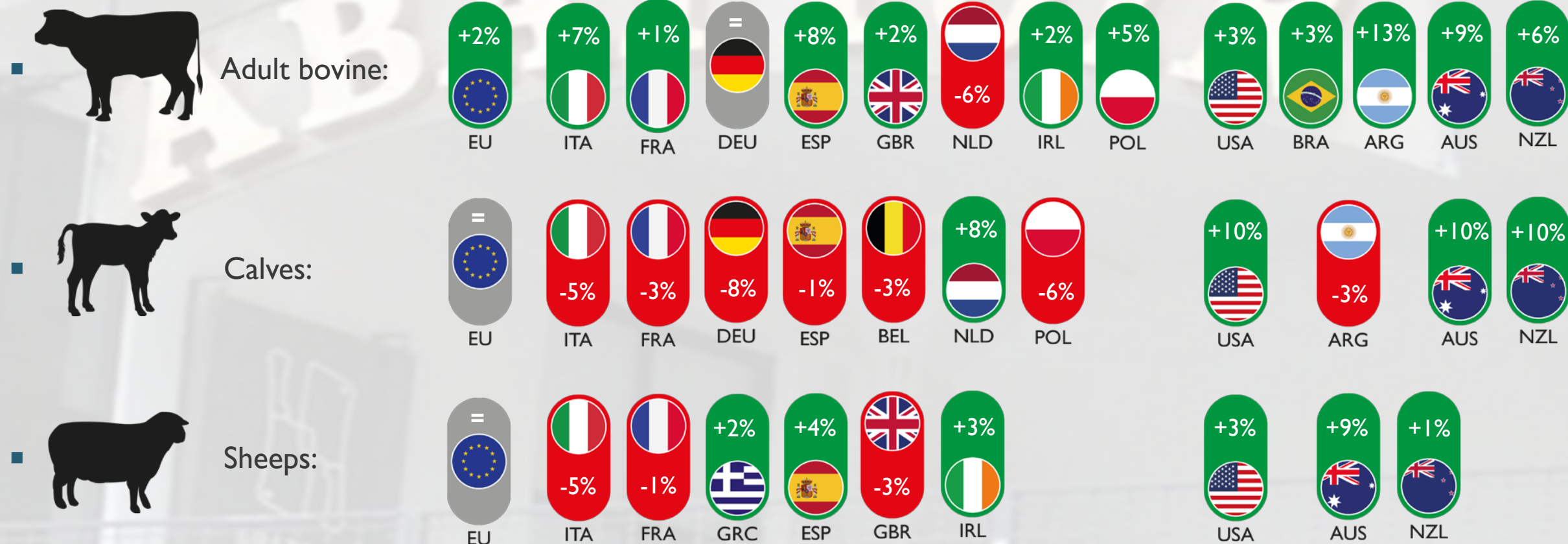
# RAW MATERIALS

## RAW HIDES – TRENDS IN AVAILABILITY (SLAUGHTERING)

- Another overall positive quarter for the **adult bovine** slaughtering volumes worldwide, which brings the aggregate 2018 up by +4% compared to the previous year. All the main EU producers go up (except the Neatherlands), positive sign also for the US, Brazil, Argentina, Australia and New Zealand.
- First 9 months of the year on the rise for **calves** slaughterings, thanks to the acceleration (+6%) recorded during the summer period – Europe stabile in the quarter but only thanks to the sharp increase of the Neatherlands (all the other European producers go down), rising trend for the other big players worldwide (US, Oceanic Countries...)
- Also **sheep** slaughtering went up among all the monitored areas (both in the quarter, and in the first 9 months of 2018) – Positive stability for the EU (unchanged or rising trend for all the main slaughtering countries, excluded the UK), increases in the rest of the world

# RAW MATERIALS

RAW HIDES – TRENDS IN AVAILABILITY (SLAUGHTERING) 9 MONTHS 2018 VS 9 MONTHS 2017





# RAW MATERIALS

## OTHER REFERENCE COMMODITIES – PRICE TRENDS AND PERFORMANCE



OIL

+46%



COTTON

+15%



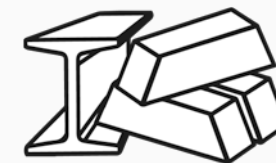
WOOL

+10%



NATURAL RUBBER

-20%



METALS

- Aluminum +2%
- Copper -4%
- Iron -7%
- Nickel +26%
- Zinc -14%
- Aluminum +12%
- Copper +12%
- Iron -6%
- Nickel +36%
- Zinc +9%

■ 3<sup>rd</sup> QUARTER 2018  
VS 3<sup>rd</sup> QUARTER 2017

■ 9 MONTHS 2018  
VS 9 MONTHS 2017

After the record levels registered in the last few months, September marks a decisive turnaround in the dynamics of wool, with a significant fall in prices. The cooling of the Chinese demand heavily influenced the bearish trend



# TANNING SECTOR

## TRENDS

- The **cooling of the demand** intensifies and widespread – the performances of the single Countries look very similar but with a negative trend prevailing
- The **medium-large bovine segment** posted widespread drops in the third quarter of the year, with rare exceptions (Italy, France and Portugal in Europe, Mexico and Turkey outside the EU borders)
- Swinging situation for the **small bovine (calves)**, which, among the most important players worldwide, posted positive signs only in Spain during the third quarter 2018
- Negative figures prevailing also for **sheep and goats**, which confirm the picture of the spring quarter; only Spain and Turkey on the rise (bad trend for the other European and Asian players)

# TANNING SECTOR

## TURNOVER INDEX TRENDS



3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017



9 MONTHS 2018 VS 9 MONTHS 2017





# TANNING SECTOR

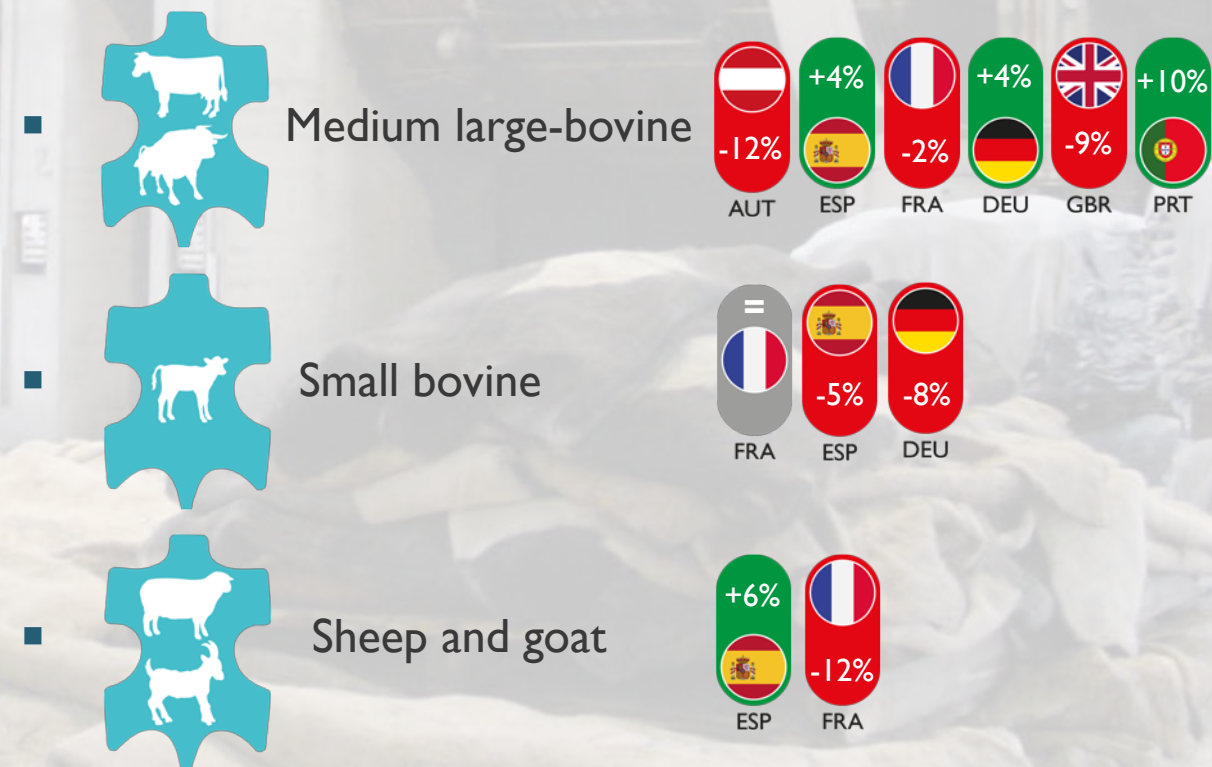
## TURNOVER INDEX TRENDS



### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017



### 9 MONTHS 2018 VS 9 MONTHS 2017



# TANNING SECTOR

## TURNOVER INDEX TRENDS



3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

9 MONTHS 2018 VS 9 MONTHS 2017



Bovine



Bovine



Sheep and goat



Sheep and goat



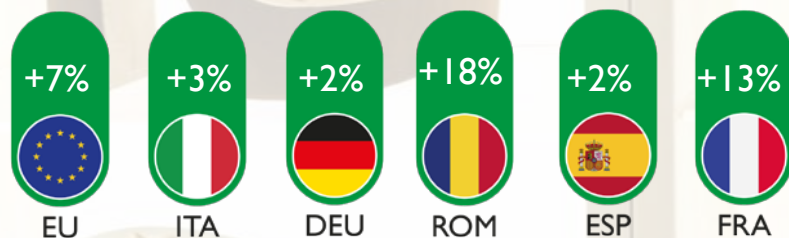


# ACCESSORIES AND COMPONENTS SECTOR

## TURNOVER INDEX TRENDS

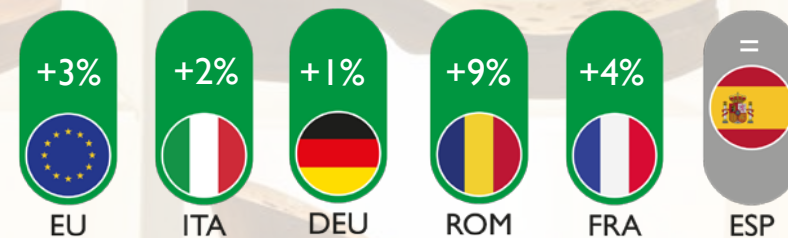
### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

The growing trend of the sector accelerates in the long-term comparison, with more or less significant increases among all the categories. The small metal parts confirmed to be the best performer, upward trend also for footwear components. Recovery for the remaining accessories.



### 9 MONTHS 2018 VS 9 MONTHS 2017

The cumulated period 2018 confirms the good dynamic of the sector, pushed up by the continuous increases of the small metal parts and footwear components. Stunted recovery for the other accessories, still on a downward trend.

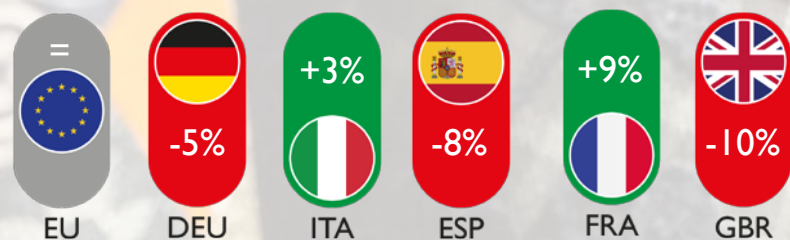


# TEXTILES AND SYNTHETICS SECTOR

## TURNOVER INDEX TRENDS

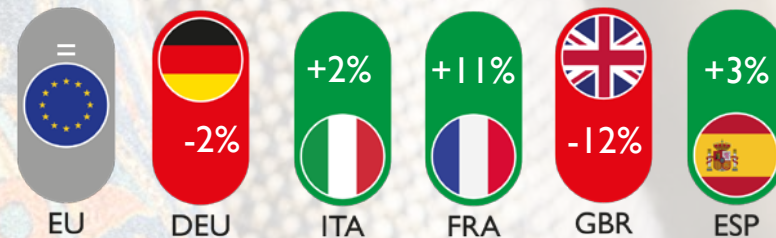
### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

Flat performance for the segment in the quarterly comparison. The alternative materials keep on, while the regenerated of leather fibers sinks, dived down by the drops posted by all the main EU manufacturers. Difficulties also for synthetic.



### 9 MONTHS 2018 VS 9 MONTHS 2017

The year-on-year comparison shows a cooling down of the sector, which concludes the first 9 months of the year in stability. Both the regenerated segment and the synthetic recorded significant falls, while the other alternative materials keep the pace.



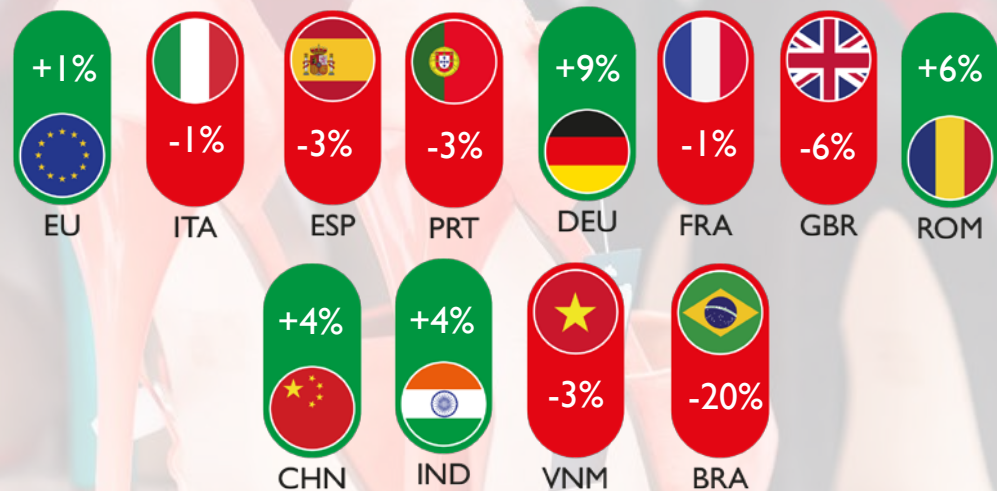


# FOOTWEAR

## TURNOVER INDEX TRENDS

### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

Slight upward trend for the European footwear sector, although this result proves to be not homogeneous among the main EU manufacturers. China recovers; Vietnam setbacks. The Brazilian footwear collapses.



### 9 MONTHS 2018 VS 9 MONTHS 2017

Moderately positive picture for the EU manufacturers in the annual comparison thanks to Italy and Germany good dynamism. Critic situation for the main extra-EU players, all of them losing ground.



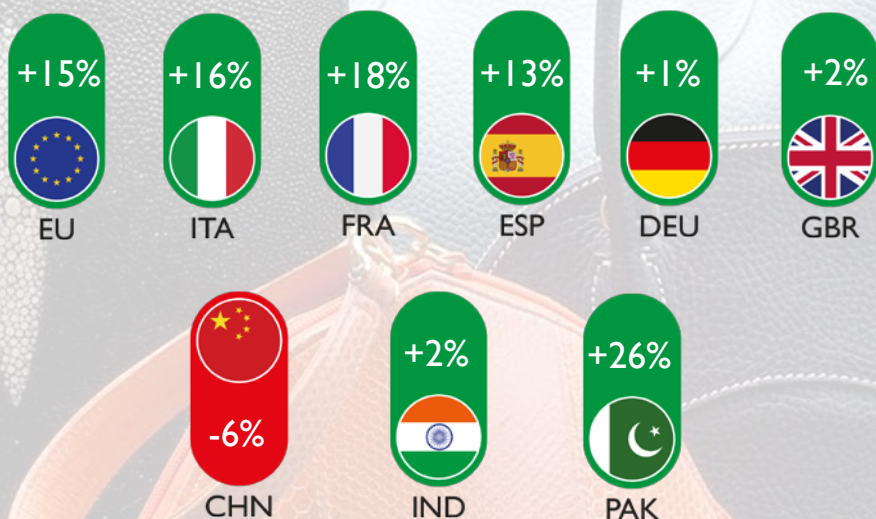


# LEATHER GOODS

## TURNOVER INDEX TRENDS

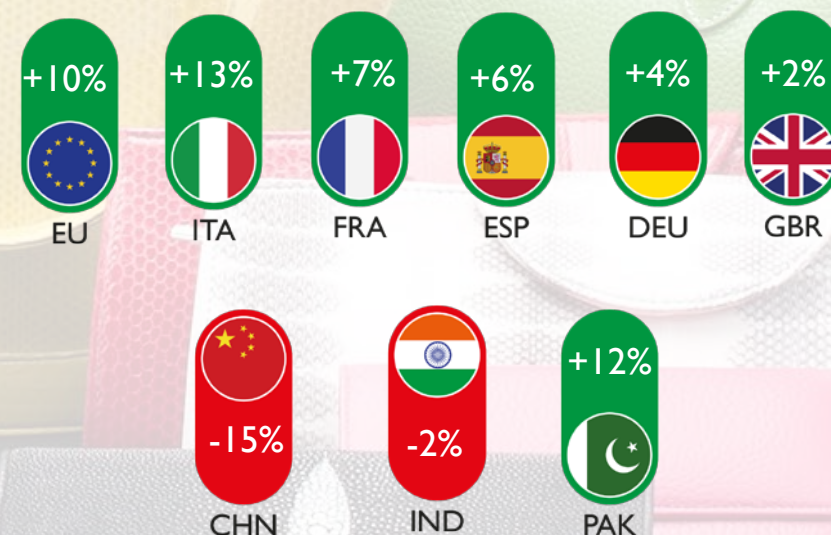
### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

Definitely positive the European overview, with all the main EU manufacturers posting sharp increases. Overall positive performance also for the Asian Countries, except China.



### 9 MONTHS 2018 VS 9 MONTHS 2017

Brilliant performance of the EU sector, which accelerates the growing trend in the first 9 months of the current year. Some difficulties for the extra-EU partners. Negative dynamci for the Chinese.



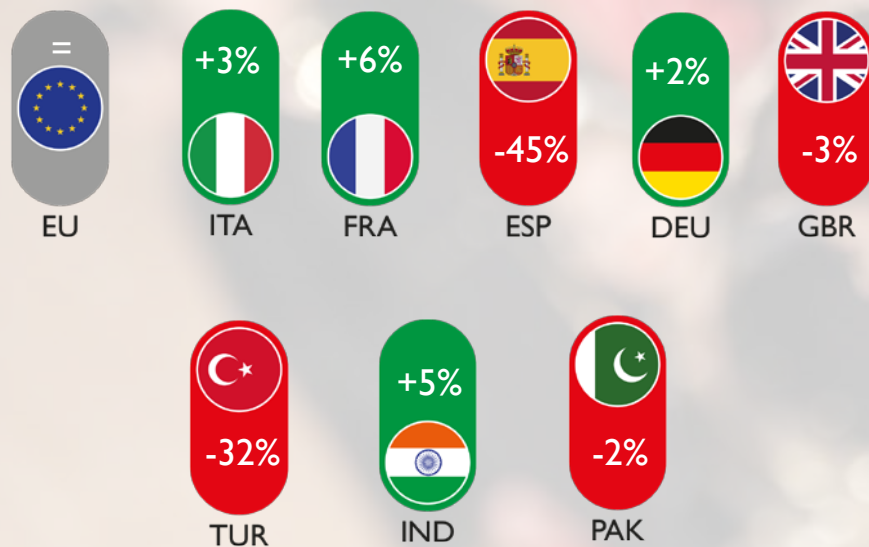


# LEATHER CLOTHING

## TURNOVER INDEX TRENDS

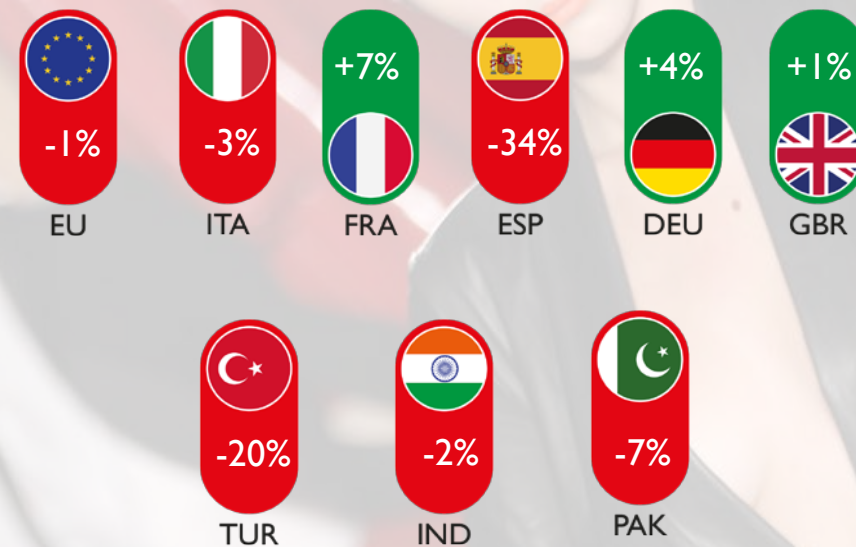
### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

The European average keeps stable, benefiting from some significant seasonal reprise. Turkish losses worsen instead.



### 9 MONTHS 2018 VS 9 MONTHS 2017

Luggish EU dynamic in the partial 2018, with only some exceptions on the rise. Negative picture outside the EU borders. Strong decline for Turkey manufacturers.

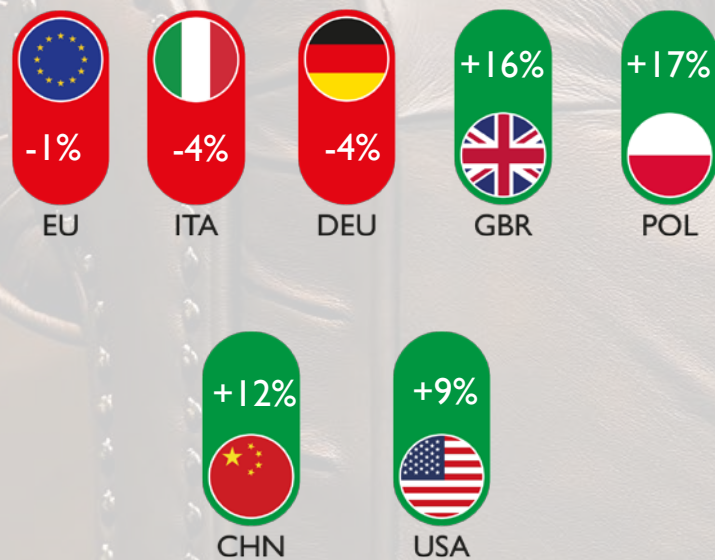


# UPHOLSTERED FURNITURE

## TURNOVER INDEX TRENDS

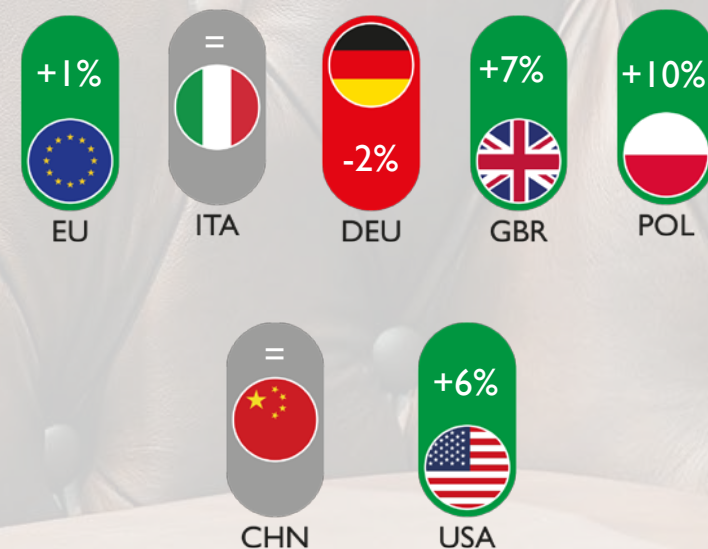
### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

Dull quarter for the EU manufacturers. Positive trend for China and the US.



### 9 MONTHS 2018 VS 9 MONTHS 2017

2018 partial results slightly up in Europe despite the German decline. Good trend for the US.



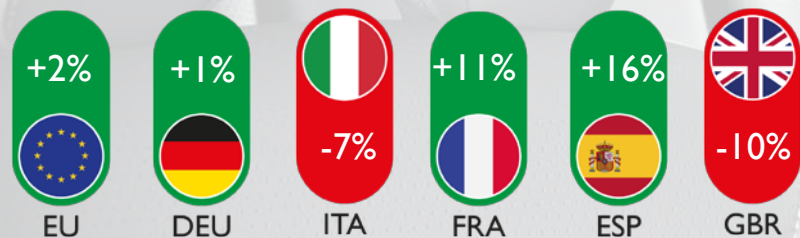


# AUTOMOTIVE

## TURNOVER INDEX TRENDS

### 3<sup>rd</sup> QUARTER 2018 VS 3<sup>rd</sup> QUARTER 2017

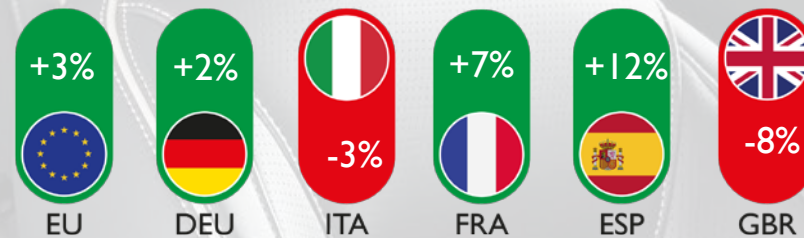
- The new car registrations cool down in the third quarter of the current year.



- Setback of the Italian demand for new car registrations
- After the booming demand in August, September highlights a slowdown in the demand for new car registrations from the UE

### 9 MONTHS 2018 VS 9 MONTHS 2017

- The cumulated results reflect the same dynamic observed in the third quarter 2018.



- US new car registrations stable in the annual comparison. Weak Chinese demand, which recorded only a +1% increase

# LUXURY

## 9 MONTHS 2018 RESULTS

The upward trend of the main European luxury brands continued in the cumulated 2018. Despite the growing political instability, the attitude keeps moderately optimistic also for the end of the year.

- **LVMH** – the turnover of the French giant was still on a double-digit growth: +14% (constant prices) during the period. Widespread increases for the main brands of the group: Louis Vuitton, Christian Dior Couture, Fendi e Celine.
- **KERING** – turnover up by +27% in the first 9 months of 2018. Brilliant results for Gucci (+35% sales) and Yves Saint Laurent (+16%). Bad trend for Bottega Veneta (-8%). Also the remaining brands of the group are on the rise (+32%).
- **HERMÈS** – +11% of revenues in the reference period and a widespread growth in all the main markets. Positive performance of the leathergoods/saddlery division, which reported a +9% in sales.
- **TOD'S** – the group recorded a stable turnover (+0.1%). Moderate increase for Hogan (+2%) and Roger Vivier (+1%); slight downturn for Tod's (-0.4%). Footwear division remained stable (+0.3%), whilst leather goods and accessories were on the decline (-1%).
- **FERRAGAMO** – The turnover of the group decreased by 3% in the first 9 months. Disappointing results for the footwear division (-4%), balanced by the rise of leather goods (+3%).



# 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

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