

MARKET TRENDS – IV QUARTER 2006

WE ELABORATED THE MARKET TRENDS REPORT ON THE SECTORS TRADITIONALLY MEETING AT LINEAPELLE (BOLOGNA, APRIL 17TH –19TH, 2007). YOU WILL FIND BELOW A BRIEF SUMMARY. FULL REPORT IS AVAILABLE UPON REQUEST.

PRICES OF RAW HIDES AND SKINS

Further rise in prices of raw hides and skins over the last quarter 2006: mean prices of the main types have been rising uninterruptedly for over a year. The heaviest increases affected all Italian hides and skins, Spanish and Australian adult bovine hides, and Dutch calfskins. In the short term, rises were weaker for bulls, heifers and sheepskins. Prices for goatskins seemed to get stable. Generally speaking, the year ended with a moderate increase in the number of slaughtered adult cattle and a sizeable fall in slaughtered calves.

UPSTREAM SECTORS

The **tanning sector** confirmed to be living a positive time in general, but calf leather experienced a brisk slowdown as compared to the previous year (while the sector was growing widely during the three previous months). Bovine, sheep and goat leather grew thanks to high demand from footwear and leather goods manufacturers (especially in Europe).

As for the other sectors, **soles, bottoms and accessories** continued to grow in the long term, but remained stable in the short term. The sectors of **textiles** and **synthetics** remained generally stable, but the latter experienced some stagnation over the latest months.

DOWNSTREAM SECTORS

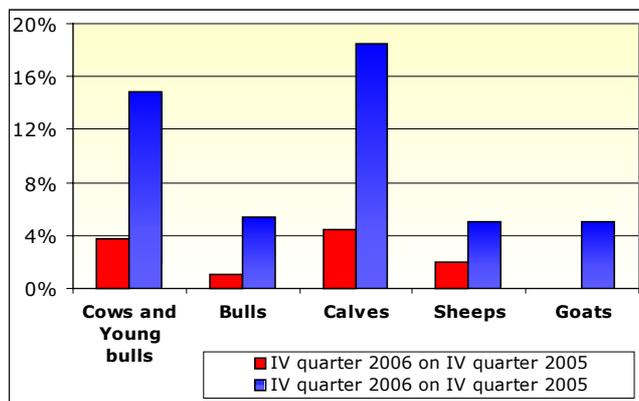
The **footwear sector** continued to grow steadily in the long and short term alike, with good results especially in Italy and Eastern Europe. The excellent growth in the top range was coupled with some improvements in the medium range. **Leather goods** too showed a mean growing trend (not particularly strong for only a few EU manufacturers).

A seasonal comparison revealed that the **garment sector** obtained scarcely bright

results (Asian manufacturers also fell), but some encouraging signs come from a short-term comparison. A patchy scenario for the **upholstery** sector, with Italy still lagging behind while the rest of the EU countries and Asia grew.

Raw hides Prices trend by typology

Source: Lineapelle processing on sampled firms information



Upstream sectors Seasonal production trend

Source: Lineapelle processing on sampled firms information

