



Market Trends Report – II quarter 2007

WE ELABORATED A MARKET REPORT BASED ON THE TRENDS OF THE SECTORS TRADITIONALLY MEETING AT LINEAPELLE (BOLOGNA, OCTOBER 16 –18, 2007). YOU WILL FIND BELOW AN **ABSTRACT**.

Some falls

PRICES OF RAW HIDES AND SKINS

The **second quarter** confirmed a **general fall in prices of bovine hides and skins** as compared to the previous quarter, particularly in the European markets. As for availability, the number of slaughtered animals generally increased, although with some exceptions in a few important EU countries, like Germany and Poland.

Strong **price rises for sheepskins** were introduced by all traditional suppliers, while, for **goatskins**, prices remained essentially **stable**, as compared to the first quarter of 2007, and rose moderately, in relation with the same period of last year.

SUPPLIERS

The **tanning industry** revealed a long-term **fall** for all the main animal origins, **except for sheep leather**, which generated the same good results as in the latest quarters. As compared to the trend in the first three months of 2007, some improvements are remarked in all sectors (though to a lesser extent for bovine leather). Among destination sectors, **low-priced leather for furniture fell heavily** while all products for **leather goods** continued to **grow**.

For the remaining intermediate sectors in the supply chain, an annual comparison shows some growth for **accessories** and **textiles**, and promising signs - in the short-term too - for **soles and bottoms** as well. On the other hand, the time keeps being not very bright for **synthetics**.

CUSTOMERS

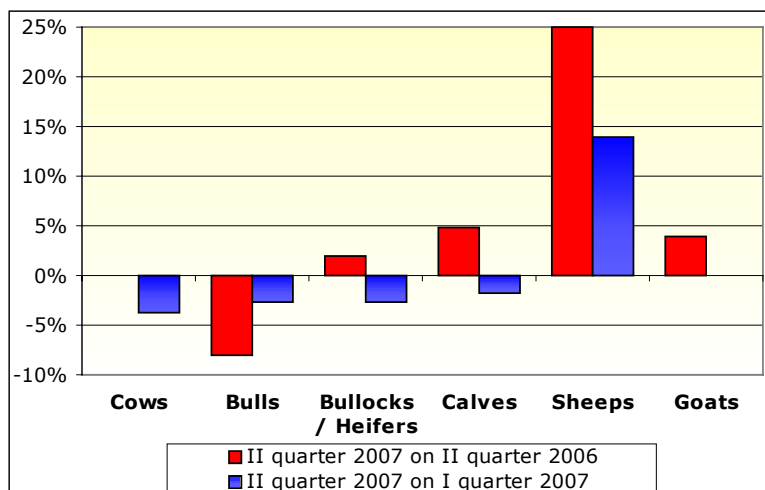
Good prospects for the **footwear sector**, both in the long and the short term. A **positive situation** is experienced by Italian manufacturers, especially of top-range products, with the other EU producers recovering in the seasonal comparison.

In the second quarter again, **leather goods** confirmed to be the **brightest**

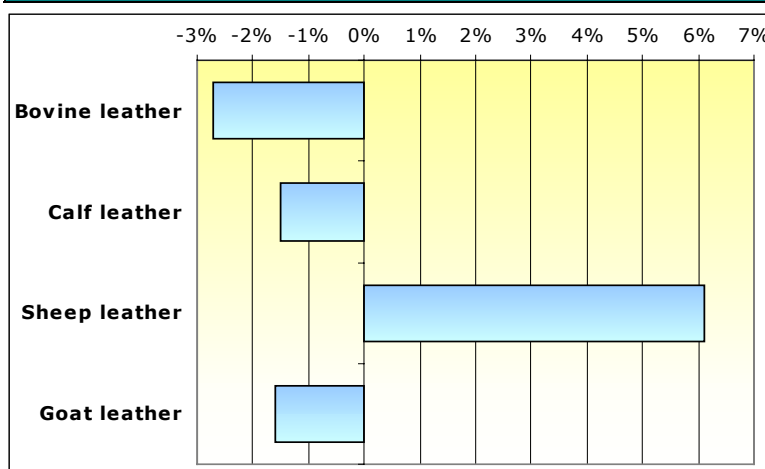
sector. The European producers proved to be remarkably lively on average in the long term. Widespread **falls** for **garment** manufacturers, with the only exception of the top range. Some positive signs came from Europe, although some of the leading producers continued to lose ground (Spain and Poland).

For the **upholstery** sector, a condition of general **stagnation** emerged in Italy, while some improvements were remarked in the long term for the rest of the EU manufacturers. China fell.

Raw hides and skins
Pattern of prices by type



Tanning Sector
SEASONAL variations by manufacturing sector



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