Manufacturing sectors
Forecasts 2008

FOOTWEAR

In **Europe** expectations substantially confirm output volumes of last year, but the opinions of operators are strongly differentiated. Better performance for high range footwear. Continuous progression in **Asia**, but uncertainty for leather footwear segment. Indian exports suffer from an overvalued exchange rate, while in China, the most important cluster (Guangdong) is still affected by the persistent decrease of 2007. In **Latin America** the activity of Brazilian manufacturers will keep the pace in 2008 in terms of output volumes. The **demand** for the current year will remain generally **stable**, while **leather demand** could show a **slight decrease**.

LEATHER GOODS

After a prolonged rising trend for output, turnover and consumption, expectations for **European leather goods** in 2008 show a moderate optimism. Some uncertainty related to international outlook persist, mainly because of negative forecasts for consumption and EUR/USD exchange rate. A progressive polarization towards top range, which in Europe is recording positive results, and economic range emerges also for this sector. **No significant variations in demand** are expected for 2008.

GARMENTS

Top range leather garments will follow a rising trend, according to positive forecasts for 2008 related to luxury sectors. Still negative sentiment for the remaining segments: in **Europe**, only Germany seems to have good perspectives of stable production. Difficulties for **Indian subcontinent** producers, because of the drop in world demand, and for **Chinese** manufacturers, facing a long time decreasing situation. Concluding, the **demand** related to this destination **will further shrink**.

UPHOLSTERY

Even in prospective recovery, expectations do not express a net upturn. Negative signs for the leather segment: the economic range could substitute this material with lower price alternatives, while for the top range an increased use of textiles could be consequent to different fashion trends. **US** market is affected by the fear for economic slump, the housing difficulties and the deterioration of consumer confidence index. Some optimism signs come from retail sales, expected on the rise of 1-2%, but focused on economic range products. In **Europe** still unfavorable situation, with better results for high quality. Uncertainty in **Asia**, due to a poor dynamism of consumption in the reference markets and to fiscal reform, which will determine an exacerbation in internal competition. **Demand stagnation** foreseen for 2008.