



## Market Trends

### 3<sup>rd</sup> quarter 2008

LINEAPELLE (BOLOGNA, OCTOBER 28<sup>TH</sup> -30<sup>TH</sup>, 2008)

### Shrinking Markets

#### PRICES OF RAW HIDES AND SKINS

Still falling the prices of **bovine hides and skins**, particularly those of cow and calf; for the latter, though, few cases of rising prices are reported in September. In the generalized downturn of prices important supply markets such as Italy, Spain and the Netherlands, stand out for the intensity of the slide, well above the average.

The slowdown in prices of **sheep and goat skins** reported the last quarter, has turned into an actual, slight, reduction at the end of the third quarter, notably of the sheep skins from New Zealand in September and of Iranian origin at the beginning of October. The Euro / dollar exchange rate trend has imposed an "extra-charge" of about 4% on European tanners for skins imported in the Euro-zone in September, vis-à-vis the prices of August.

#### SUPPLIERS

The **decrease** recorded in the **tanning sector intensify** and spread to the other main animal typologies. As compared to last year **bovine leather** shows the most relevant loss, while **goat leather** seems to suffer less intensely. Worsening of the short term (deseasonalised) dynamic, with **less pessimistic** expectations for **calf leather** towards the end of the year.

Further **decline of orders** from US and Far East (strong unhomogeneity of EU market). Few changes in comparison with the II quarter for the main **destination sectors** (leather goods slightly better than footwear, poor performance of upholstery).

**Negative results** for the seasonal comparison also for the remaining intermediate sectors of the industry, particularly for soles/bottoms and synthetics. In the short term some marginal sign of recovery for accessories, while textiles and synthetics signaled further slowdown.

#### CLIENTS

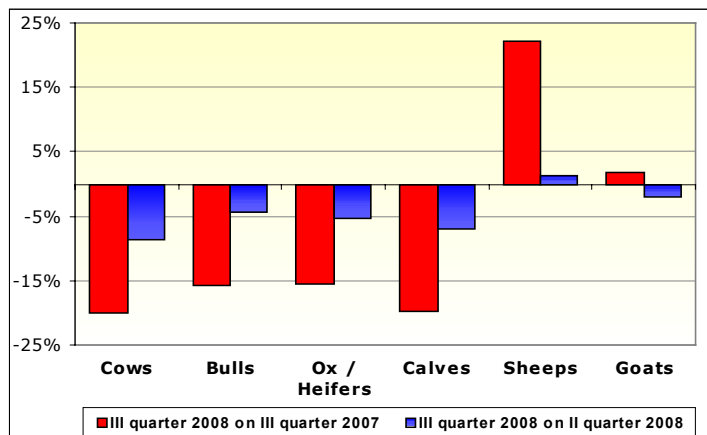
**Footwear sector** ends the III quarter with a general contraction of output, both in the long

term and in the short term trend. European producers suffer, Italians included, but in particular French, British and Spanish.

After a period of stable growth, also **leather goods** recorded a moderate slowdown. **Italian manufacturers** showed a seasonal stand still and a recovery as compared to the previous quarter.

Uncertainty for **garment** segment, in Italy, where the forecasts for the end of the year remain pessimistic, and in the rest of Europe. Persistent negativity for **upholstered furniture** in the EU and the US markets. Some positive signal from China.

#### RAW HIDES AND SKINS PRICE variations by animal typology



#### CLIENTS Seasonal variation of PRODUCTION

PRODUCT TYPOLOGY	SEASONAL COMPARISON (over III quarter 2007)
FOOTWEAR	↓
LEATHER GOODS	↓
GARMENTS	↓
UPHOLSTERY (FURNITURE/CAR INTERIORS)	↓↓

Full report (14 pages) is available upon request.  
Please contact Lineapelle Economic Department