



## Market Trends 4<sup>th</sup> quarter 2008

LINEAPELLE (BOLOGNA, APRIL 15<sup>TH</sup> – 17<sup>TH</sup> 2009)

### Widespread downturn

#### PRICES OF RAW HIDES AND SKINS

The fourth quarter has shown a **further decline** in **raw bovine hides and skins** price. Such performance has involved all sizes and nearly all origins, with the notable exclusion of Dutch calves. The markets on which this trend (that has involved wet-blue leather as well) has been more intense, have been those in the dollar area, particularly USA and Australia.

The meltdown of the market in the last quarter of 2008 has not spared the **sheep and goat** segment, that has witnessed **prices reductions in the past few months**, after two years of uninterrupted growth. Overall, New Zealand has shown the largest rebates, while the European markets are divided between the fall of prices in the Mediterranean countries and their increase in the pound sterling area.

#### SUPPLIERS

The downturn of **tanning production** proceeds and intensifies: **double digit decline** for every typology. More remarkable losses for **bovine and calf leather**. Decreasing trend also in the short term comparison. The **forecasts** for the beginning of 2009 are generally (and in some case, strongly) **negative** for bovine leather, while sheep and goat leather sector shows a less marked pessimism.

**Decreasing results** for the remaining intermediate sectors of the industry, (components, accessories and substitute materials), with the only exception of textiles and synthetics, in slight increase. In the short term some positive signs for accessories segment.

#### CLIENTS

**Footwear sector** concludes 2008 with a deficit, both as compared to the previous quarter and to the same period of 2007. Italian producers suffered less than the general EU average, which is directly related to France, Spain and UK performances

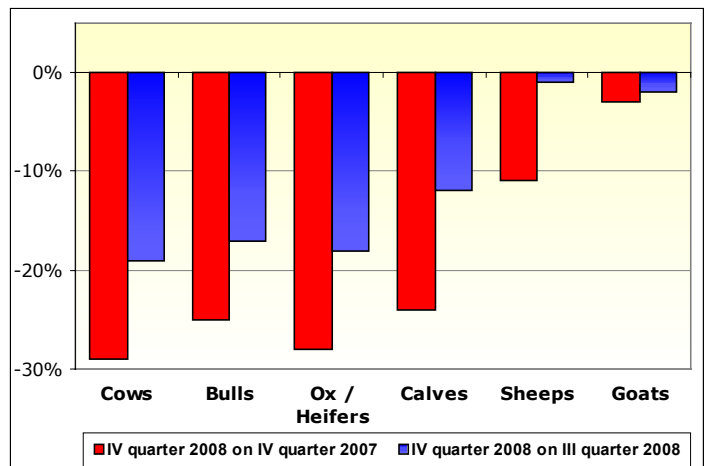
Moderate decline for **leather goods** in the year-on-year comparison, while the situation

is generally negative in the short-run. **Italian** manufacturers, whose results are worse than the average, recorded a sharp seasonal withdrawal and a further decline over the previous quarter.

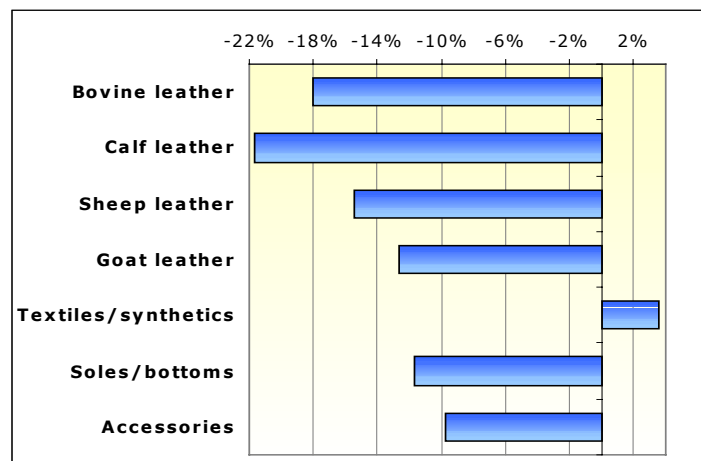
Persistent loss for the **garment** sector, in EU (Italy included) and Asia (considerable upturn in India and Pakistan). No positive change for **upholstery**, influenced by the housing sector situation and to negative consumer confidence (decrease of China and EU).

Remarkable deterioration in the **car interiors** segment.

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



**SUPPLIERS**  
Seasonal variation of PRODUCTION



Full report (16 pages) is available upon request.  
Please contact Lineapelle Economic Department