



## Market Trends Report 3rd Quarter 2009

### PRICES OF RAW HIDES AND SKINS

The **rising trend** for the prices of raw hides and skins, that started in spring, gathered momentum during the summer season and expanded virtually to all markets and typologies. If goatskins appeared to be the only exception to the general bias, large bovine hides were particularly hit.

The above-mentioned surge could be ascribed to the previous strong depreciation, to the consequent aggressive stock policies (mainly operated by Asian buyers) and to a partially different mood about market demand.

In the final weeks of the quarter, a few **signals of weakening** are surfacing (some prices have decreased), thus possibly confirming that the drive has changed and a real recovery for the whole industry has not arrived yet.

### SUPPLIERS

The seasonal results of the **tanning industry** did not cease to record double-digit losses for all the main segments, but the average degree of the drop has further downsized, if compared to the first part of the year. Notwithstanding a larger gap among companies' performances (even in the same business line), the tendency on the precedent months has seemed to be more vital for the medium ranges of product and for the upholstered furniture destination.

Widespread decrease for **accessories, components and substitute materials**, with soles/bottoms (rubber) less penalized than the others. Even in this case, a marked un-homogeneity among data has emerged (some positive signals for the accessories segment in the short term).

### MANUFACTURERS

For **footwear sector**, the year-on-year comparison still showed an heavy decline, while the short-term trend recorded a

marginal recovery. In Europe, Italy has suffered more than Germany, UK and Portugal. As regards extra-EU area, Brazil, China and Vietnam kept on decreasing in the export, but partially balanced through the internal market.

Considerable deficit for Italian **leather goods**, mainly in the yearly comparison, with sharp downturn also in France and Germany. On the contrary, slight upturn for the total EU versus the previous three months (Italy excluded, still facing a difficult moment).

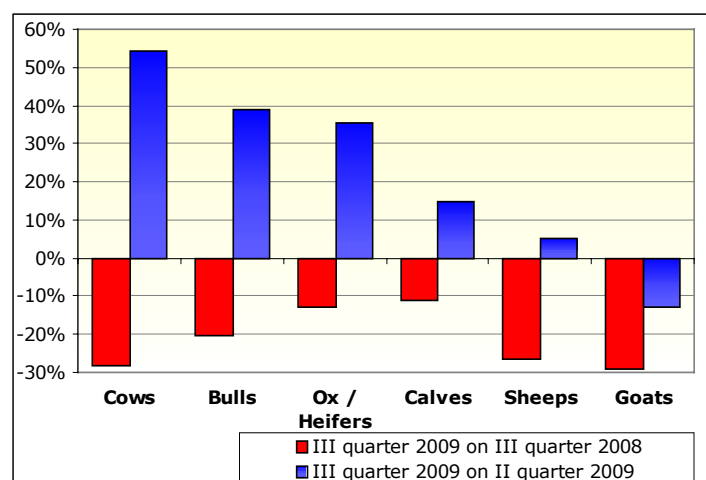
**Leather garments** continued to be in decline, with high variability of results. Indian subcontinent still stagnating.

Uncertain situation for the European **upholstered furniture**: if northern manufacturers have remained solid, Italians and British have presented significant problems. On the **automotive** side, there was an encouraging rise of registrations during the quarter, thus reducing long term losses (in Italy, only August showed a fall).

### EXPECTATIONS FOR THE IV QUARTER.

**Generally stable or slightly positive**, towards a probable and gradual reduction of the annual operating loss.

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



**A copy of the full Report (16 pages) is available for a fee.**