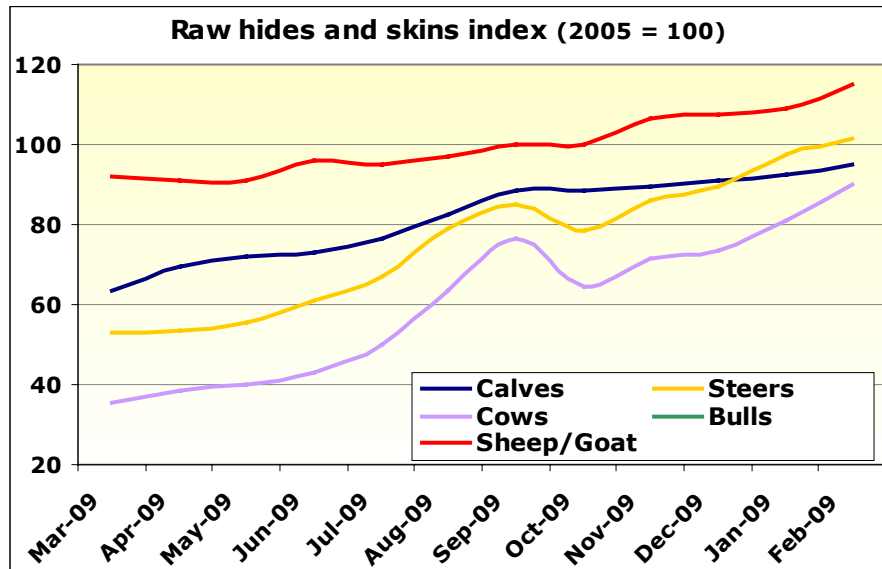




Market Trends - March 2010

RAW HIDES AND SKINS

Prices of raw hides and skins have continued to **increase remarkably** during the first months of 2010 too. Still a notable growth for cow hides (more than 20% in the last two months) and for steers (+13%) mostly. The price lists of calves, bulls, sheep and goatskins have risen between 5% to 10% as well. The main upturns have taken place in Northern Europe, Germany and Italy for the Euro area, in New Zealand and Australia for the USD area. Moderate increments in France.



SUPPLIERS

A still uncertain beginning of the year for the **tanning sector**. The general overview has been more dynamic than one year ago; satisfaction for the sampling activities of the fashion segment that has been changing the referring season (swinging moment for calf leather, depressed by the price situation, while some better results for sheep, goat, vegetable-tanned products for leather goods and, generally speaking, adult bovine of medium range), orders are delayed though some recovery has occurred in the last weeks. Slowdown for the large leathers destined to the medium-to-low brackets of upholstered furniture (top range is ok), good trend for the car interior orders. There is a widespread concern regarding the upsurge of raw materials prices.

The beginning of 2010, even with some differences among sectors, has been characterised by a prudential mood of the operators. **Soles and bottoms** foresee some positive signals. Encouraging news for **accessories** too (probably closing the quarter with a slight increase as compared to the end of 2009). Persistent difficulties for **textiles and synthetics**, related to the uncertainties of demand and to some upward variations in raw materials prices.

MANUFACTURERS

The **footwear** output has been slowing down again, but the trend is less marked than in the previous months. Consumption in some destination markets still suffering (EU mainly; US and Russia have appeared more patchy).

Negative situation for **leather goods** during the first two months of 2010 and scarce perspectives for the spring quarter. The impact of the crisis has affected this sector with a certain delay and the recovery is consequently expected to arrive later. Non-homogeneous situation for **leather garment**, with some recovery favoured by climate.

The **upholstered furniture** seems to have partly ran out of the slight recovery experienced at the end of last year. Rising production for the **automotive** industry.