



Lineapelle Market Trends 3rd quarter 2010 (abstract)

RAW HIDES AND SKINS

The **slowdown of adult bovine hides price increase**, described in the last issue, is confirmed also in the third quarter of the year, with the only exception of bulls, still experiencing a remarkable growth.

A similar **downward dynamic** characterized also **wet-blue leather**, particularly for Brazilian origin.

Apart from bull hides, calf skins and sheep/goat skins are still on the rise. For this animal typology the increase was driven by Spanish and New Zealand skins, but this segment as a whole remains overheated.

SUPPLIERS

The **tanning sector**, on average, recorded positive seasonal results, but the amount of this increase seem more limited than in the first half 2010 (the comparison with the spring quarter is negative). Adult bovine and sheep leather performed better than calf and goat, with extreme heterogeneity among different operators. Good dynamism of orders from Asian and European clients; fashion destinations healthier than upholstery.

Accessories, components and substitute materials ends the summer quarter with a considerable year-on-year **increase**. The best performance was the one of textiles/synthetics, followed by accessories. Soles and other components remained substantially unchanged.

USERS

In the third quarter **footwear** transformed the positive signals emerged during the summer months in a general and widespread upturn.

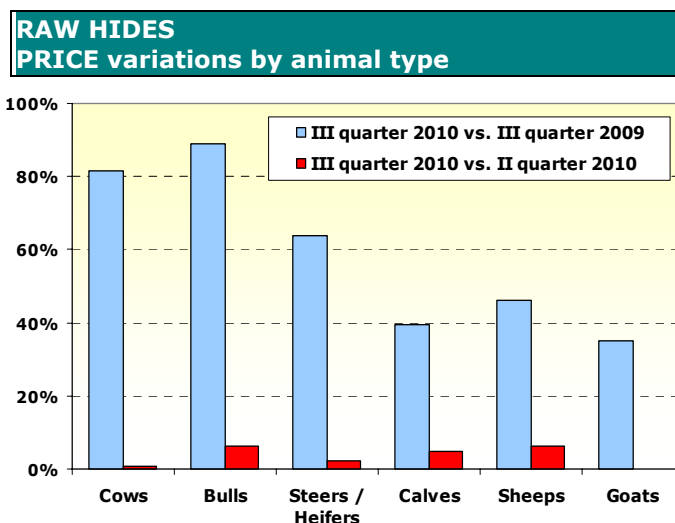
In Europe, Italians stand out as compared to the average. Some slight decline for Spanish producers, while France and Germany showed a positive variation. This vitality is confirmed in the short term (Italy still best performer). The main Asian manufacturers reported double digit seasonal increases; Brazil, less bright in the year-on-year comparison, showed an improvement in the short term.

Positive balance also for **leather goods**, with a clear recovery both in the long and in the short run. Brilliant trend of Italians, that as for footwear seem to proceed better than the other EU manufacturers. Boom of Chinese exports, while Indian ones remained more stable.

Finally, **leather garments** sector begun his upturn. Unexpected vigour of Italians, also due to the rise of sales abroad. China, India and Pakistan increased their export considerably over the same period last year.

Moderate seasonal progression for EU **upholstered furniture**, some slowdown in the recent months. Satisfactory activity in Germany and Northern Europe. Italy and UK similar to the average. Slight reprise of orders in the US and strong growth of Chinese production.

Sizeable fall for **car industry** in EU and US, while Asia is becoming more and more important on the market.



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