



Market Trends (2012)

RAW MATERIAL PRICES

RAW HIDES AND SKINS. Bovine hides prices started again to increase at the beginning of the year: the biggest sizes recorded a +13-14%; while calf skins rose in a more cautious way (+8%). February was the most lively month; in March the highest price increase was signaled by northern Europe origins. Very fragmented panorama for wet-blue leather, with significant increase in Brazil (+15%), stability in South Africa and slight decrease in Oceania. As regards sheep skins: less tension on pickled pelts from Iran and New Zealand, whilst EU double-face remains expensive.

TEXTILES. In the first two months of 2012, the further growth of cotton quotations (+6%) were accompanied by a marked rise of wool prices (+15%). Variations are calculated in US dollars.

OIL AND DERIVATIVES. Oil prices in February were 8% higher than in December 2011. Between January and March, resins (polyethylene and polypropylene) rose by 3 to 12%.

RUBBER. Important upsurge of natural rubber price in dollars (+18%) in the first two months of the year.

METALS. Prices (US dollars) of metals increased as compared to the end of last year: +9% aluminum, +12% copper, +3% iron, +12% nickel, +8% zinc.

SUPPLIERS

TANNING. Activity levels in the main EU tanning countries, Asia (China) and South America (Brazil) registered a widespread seasonal decrease in the first weeks of the year. Lower demand both for bovine and sheep/goat leather (more accentuated); dynamism for footwear, leather goods and car interiors destinations, whilst leather garments and upholstered furniture lagged behind.

ACCESSORIES/COMPONENTS/SYNTHETICS. Moderate upward movements in the footwear components segment, slight decline for textiles/synthetics and marked drop for metal accessories.

CLIENTS

Italian **FOOTWEAR** signaled a modest drop for medium range and a positive trend for luxury segment. In the rest of Europe, slight losses for Spanish and Germans, better perspectives in France and Portugal. Decline of Chinese and Brazilian export. Brilliant performance of **LEATHER GOODS** in Italy, growth in France and Spain, Chinese export on the decrease. As for **LEATHER GARMENTS**, in Italy positive moment only for top range, upward trend in Germany and Turkey, rising Pakistani export. Uncertainty of EU **UPHOLSTERED FURNITURE**, except for some good signs from Germany; some recovery in China and US. Rising leather demand expected for top range **CAR INTERIORS**.

CONSUMPTION

In February, consumption prices of footwear remained stable versus the previous month in Italy, Germany, France and Russia. Little growth in the US, except for young footwear segment.

EXCHANGE RATES

In the first months €/US\$ experienced strong volatility, declining till the end of January, recovering in February and decreasing again in March. On average the exchange rate reached 1,32 dollars per euro, similar to December 2011 mean value. A moderate downward adjustment is foreseen for euro: to 1,30 in 1 month and 1,27 in 3 months.