



BRAZILIAN EXPORTS OF HIDES AND SKINS

JUNE 2020



SUMMARY

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ANY PART OF THIS REPORT MAY BE REPRODUCED, SINCE ITS SOURCE IS MENTIONED AS: SECEX - PREPARED BY CICB

1 - ANALYSIS OF BRAZILIAN EXPORTS OF HIDES AND SKINS

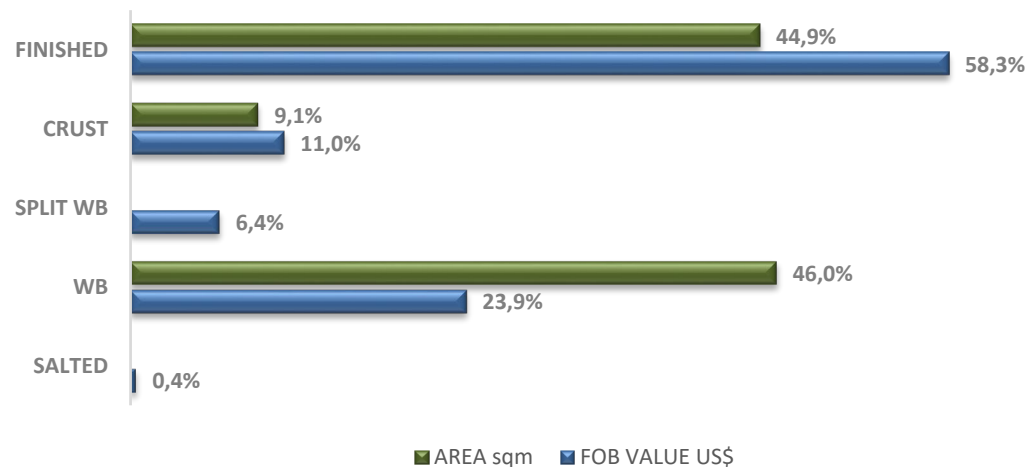
JUNE 2020

The Hides and Skins Exports released by SECEX (Foreign Trade Secretariat), for the month of June 2020, registered the amount of US\$ 48.4 million, down 47.0% year-on-year, when total exports were US\$ 91.3 million, and also lower 12.6% compared to May, when amount was US\$ 55.3 million.

Considering exports in square meters, during June were shipped 8.7 million, down 36.9% year-on-year, and lower 14.0% than May, when total was 10.1 million.

The first half of 2020 ended with a total of US\$ 450.3 million, 28.8% less compared to the same period in 2019, and also 17.9% below in trade area, with 77.8 million square meters.

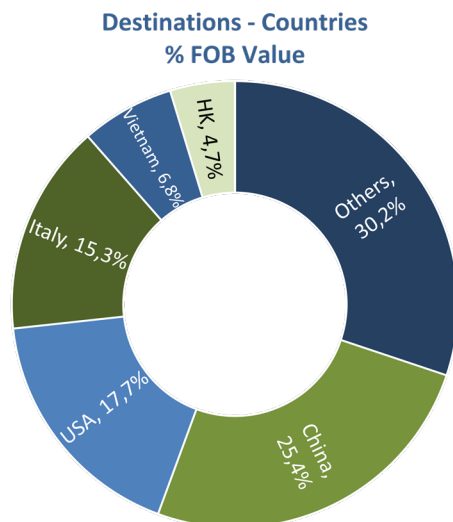
Below is the profile of first half of 2020:



These are the variations of the Brazilian exports of bovine leather during first half of 2020, year-on-year:

- Salted hides higher 14.9% (previous -7.4%) in value, and also +131.5% (+67.5%) in weight;
- Wet Blue declined 37.2% (-38.2%) in value and 24.3% (-25.7%) in area;
- Split WB down 4.5% (+3.0%) in value and also down 4.7% (+2.4%) in area;
- Crust with value -5.4% (-4.8%), but higher 4.3% (+5.1%) in area;
- Finished leather lower 30.5% (-25.3%) in value and also down 21.9% (-15.1%) in area.

Below are the 2020 destinations of the period:



These are highlights of the first six months of 2020 for the three main destinations for Brazilian leather:

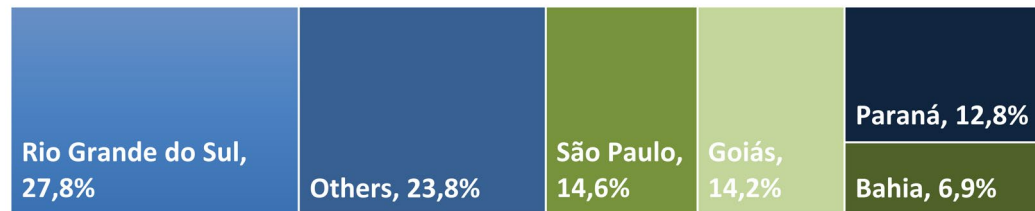
- China, with share of 25.4% (previous 24.8%) in value and 32.1% (31.4%) in area, falling 18.4% (-19.0%) in traded area and also -23.6% (-24.8%) in value;
- US, with share of 17.7% (18.4%) in value and 9.2% (9.7%) in area, down 15.3% (-6.6%) in area and -22.2% (-15.5%) in value;
- Italy, with share of 15.3% (15.2%) in value and 19.1% (18.6%) in area, has reduction of 26.4% (-24.1%) in traded area, and also down 40.7% (-37.4%) considering value.

The three main destinations show declines, both in value and area, over the same period of 2019. Among the three markets, only China showed a reaction in June, with a small improvement compared to previous rates.

As an analysis of other countries considered important players in the leather trade, we highlight the following: Vietnam, in 4th place in the ranking (6.8% value share), shows increase of 12.5% (+19.9%) in area, but fall of 22.6% (-16.6%) in value; Hong Kong, with share of 4.7% in value, is keeping growth of 14.5% (+22.7%) in area, but down 39.4% (-37.3%) in value; Germany, with share of 4.2% in value, show a decline of 36.5% (-24.9%) in area, and also down 44.4% (-34.6%) in value; and Mexico, with share of 4.0%, keeps a small increase of 1.5% (+13.1%) in area, but now -5.4% (+6.0%) in value. Falls of exports to the main destinations increased in June, with declines in both value and volume. Among the TOP30 destinations, positive exports' highlights go to Poland (+125.9% in value and +215.7% in area), to Lithuania (+56.5% in value and +42.0% in area), to Turkey (+16.6% in value and +4.6% in area), and to Tunisia (+1.2% in value and +13.3% in area).

Below share of the states with relevant exports to the sector during first half of 2020:

Origins - States
% FOB value US\$



Some highlights considering exporting states:

- TOP10 exporting states continue with negative rates in values, with only two presenting positive rates in the traded area, being: Bahia (+1.7%) and Mato Grosso do Sul (+0.7%);
- Still in the top ten, declines in value have worsened in the majority, and now the largest drops are: Ceará, with -52.1% (previous -48.7%); Pará, with -37.8% (-35.5%); São Paulo, with -34.8% (-29.9%); Santa Catarina, with -31.5% (-25.5%), and Paraná, with -31.4% (-25.1%);
- Rio Grande do Sul state remains leader in shipments, with share of 27.8% (previous 27.1%) in value and 22.7% (22.1%) in area. São Paulo continues in second place in value (share of 14.6%), and fourth in area (share of 12.2%); Goiás is third in value and area, improving to 14.2% (13.8%) in value and to 14.3% (13.8%) in area; and Paraná standing in fourth position in value, with a share of 12.8%, but keeps second place in area, with 15.4%;
- Highlights continue to Rondônia's exports, showing +59.7% in value and +117.8% in area, and Acre's, with +350.8% in value and +580.7% in area.

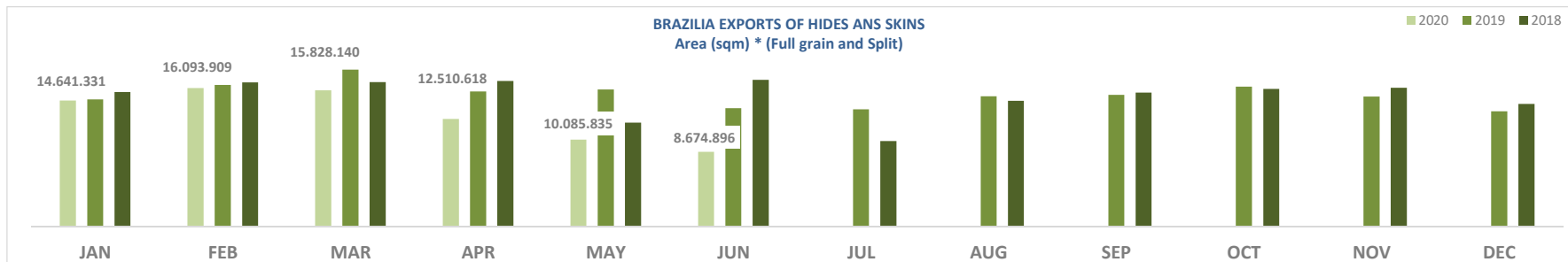
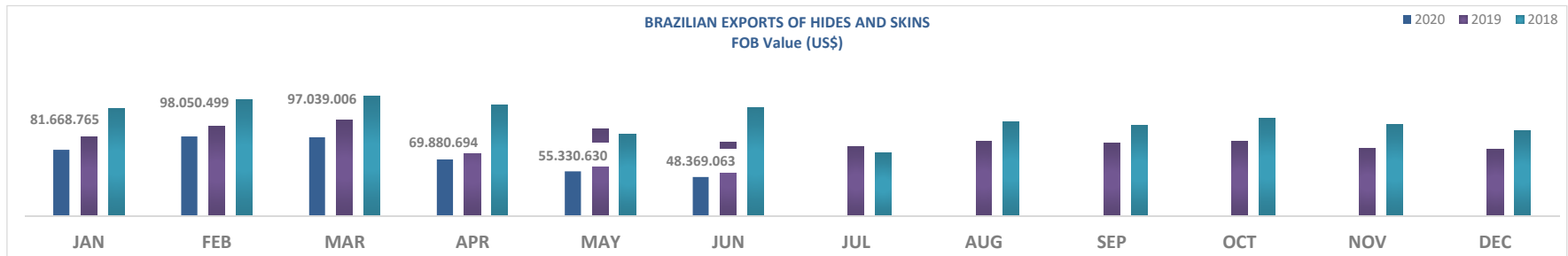
June was even worse than May, which had been the most difficult month for the sector since 2000. Now June registered the lowest value since April 1999. The situation remains very difficult and has hardly changed compared to the previous months of the pandemic. The lack of demand and difficulties in maintaining order's prices remained on the market and was reflected in shipments. The traded area continues to fall, and is now down 17.9% (previous 14.7%). Total figures now accumulate a drop of 28.8%. As for the leather types, Crust volumes continue to fall, despite the fact that they still maintain positive levels, with +4.3% (previous +5.1%). Split WB, which was the only leather type still with positive rates in value, now shows a decrease in the period, both in value and in volume. Salted hides continue to show increase in shipments, with +288% in value over June 2019, and +660% in volume, accumulating +14.9% and +131% yoy, respectively. Among the markets, only China registered a slow recovery compared to other important destinations for Brazilian leather, but still far from compensating for the lack of orders and shipments to the US and Italy. -

2 - BRAZILIAN EXPORTS OF HIDES AND SKINS

MONTH	FOB VALUE (US\$)			Δ (%)			AREA* (sqm)			Δ (%)		
	2020	2019	2018	MONTH 2019	2020/2019	2020/2018	2020	2019	2018	MONTH 2019	2020/2019	2020/2018
JAN	81.668.765	98.084.385	132.850.230	-1,1%	-16,7%	-38,5%	14.641.331	14.761.798	15.620.127	9,5%	-0,8%	-6,3%
FEB	98.050.499	110.865.937	144.041.578	20,1%	-11,6%	-31,9%	16.093.909	16.450.463	16.743.477	9,9%	-2,2%	-3,9%
MAR	97.039.006	118.876.746	147.515.178	-1,0%	-18,4%	-34,2%	15.828.140	18.232.700	16.782.906	-1,7%	-13,2%	-5,7%
APR	69.880.694	105.935.839	136.997.970	-28,0%	-34,0%	-49,0%	12.510.618	15.685.661	16.934.162	-21,0%	-20,2%	-26,1%
MAY	55.330.630	107.847.382	101.387.567	-20,8%	-48,7%	-45,4%	10.085.835	15.914.498	12.060.974	-19,4%	-36,6%	-16,4%
JUN	48.369.063	91.317.919	134.092.407	-12,6%	-47,0%	-63,9%	8.674.896	13.741.104	17.040.148	-14,0%	-36,9%	-49,1%
JUL		86.133.297	77.719.735					13.605.791	9.931.991			
AUG		92.351.955	115.879.312					15.124.597	14.602.513			
SEP		90.587.484	112.331.092					15.293.740	15.567.193			
OCT		92.618.708	120.783.613					16.274.932	15.996.795			
NOV		83.767.663	113.432.678					15.092.702	16.111.481			
DEC		82.617.316	105.533.435					13.371.975	14.245.185			
Total	450.338.657	1.161.004.631	1.442.564.795		-28,8%	-43,5%	77.834.729	183.549.961	181.636.952		-17,9%	-18,2%

Source: SECEX - Prepared by: CICB

*Area including Full grain and Split



3 - DESTINATION OF BRAZILIAN EXPORTS OF HIDES AND SKINS

COUNTRIES	FOB VALUE (US\$)			Δ		AREA* (sqm)			Δ	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018	Share 20	2020/2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018	Share 20	2020/2019
1 China + Hong Kong	135.670.973	184.814.871	252.237.190	30,1%	-26,6%	29.710.699	34.733.399	32.978.509	38,2%	-14,5%
China	114.565.603	149.963.095	213.360.216	25,4%	-23,6%	24.976.579	30.599.430	30.286.095	32,1%	-18,4%
2 United States	79.592.494	102.313.272	132.818.922	17,67%	-22,2%	7.162.693	8.455.294	9.586.774	9,2%	-15,3%
3 Italy	68.783.692	116.072.915	133.135.084	15,27%	-40,7%	14.834.212	20.167.807	19.597.062	19,1%	-26,4%
4 Vietnam	30.495.934	39.406.796	42.666.957	6,8%	-22,6%	8.143.136	7.235.451	8.234.003	10,5%	12,5%
Hong Kong	21.105.370	34.851.776	38.876.974	4,7%	-39,4%	4.734.120	4.133.969	2.692.414	6,1%	14,5%
5 Germany	18.935.205	34.052.908	20.295.812	4,2%	-44,4%	1.851.452	2.915.356	1.389.557	2,4%	-36,5%
6 Mexico	17.866.862	18.886.182	22.113.142	3,97%	-5,4%	1.573.786	1.550.143	1.585.274	2,0%	1,5%
7 Thailand	12.636.410	19.700.655	27.975.830	2,8%	-35,9%	1.378.096	1.988.441	2.413.232	1,8%	-30,7%
8 Hungary	10.634.722	10.904.797	38.729.869	2,4%	-2,5%	915.897	852.346	2.778.472	1,2%	7,5%
9 Taiwan	9.443.527	13.147.545	15.995.859	2,1%	-28,2%	3.124.327	4.835.062	5.518.408	4,0%	-35,4%
10 Indonesia	7.427.701	8.262.912	16.215.965	1,6%	-10,1%	857.077	791.401	1.229.566	1,1%	8,3%
11 India	6.885.990	11.141.599	8.557.367	1,5%	-38,2%	2.156.949	3.183.014	1.705.825	2,8%	-32,2%
12 South Korea	6.612.783	8.038.454	7.107.906	1,5%	-17,7%	898.680	1.194.651	830.668	1,2%	-24,8%
13 Netherlands	4.515.097	6.537.862	7.539.150	1,0%	-30,9%	501.440	730.345	666.792	0,6%	-31,3%
14 Norway	3.931.799	4.001.430	6.977.339	0,9%	-1,7%	284.748	258.374	412.188	0,4%	10,2%
15 Tunisia	3.734.726	3.689.161	3.252.541	0,8%	1,2%	254.254	224.463	165.726	0,3%	13,3%
16 Uruguay	2.689.629	6.421.058	9.051.628	0,6%	-58,1%	307.043	626.336	672.980	0,4%	-51,0%
17 Portugal	2.430.665	4.959.137	5.401.791	0,5%	-51,0%	337.228	648.008	603.624	0,4%	-48,0%
18 Canada	1.998.953	2.851.970	3.059.961	0,4%	-29,9%	140.914	162.996	176.603	0,2%	-13,5%
19 Macau	1.970.672	0	0	0,4%	-	396.049	0	0	0,5%	-
20 Malaysia	1.916.001	4.688.960	6.633.894	0,4%	-59,1%	146.979	382.357	440.057	0,2%	-61,6%
21 United Kingdom	1.706.096	2.205.683	1.911.591	0,4%	-22,6%	178.850	253.379	175.087	0,2%	-29,4%
22 Poland	1.612.089	713.492	1.538.402	0,4%	125,9%	171.944	54.458	140.745	0,2%	215,7%
23 Spain	1.544.562	2.913.922	2.680.412	0,3%	-47,0%	331.329	781.406	777.972	0,4%	-57,6%
24 South Africa	1.397.179	2.034.324	4.093.884	0,3%	-31,3%	267.865	268.879	391.668	0,3%	-0,4%
25 Lithuania	1.349.096	861.982	1.035.943	0,3%	56,5%	87.508	61.642	58.691	0,1%	42,0%
26 Cambodia	1.263.703	1.564.784	922.846	0,3%	-19,2%	189.778	171.362	396.374	0,2%	10,7%
27 Argentina	1.218.619	2.110.189	1.818.524	0,3%	-42,3%	205.134	156.461	151.481	0,3%	31,1%
28 Dominican Republic	999.662	1.726.169	2.829.784	0,2%	-42,1%	156.375	249.873	249.958	0,2%	-37,4%
29 Chile	970.227	1.106.971	1.501.779	0,2%	-12,4%	136.973	128.992	136.267	0,2%	6,2%
30 Turkey	968.933	830.652	2.611.959	0,2%	16,6%	140.018	133.809	422.010	0,2%	4,6%
Others (2020: +45 countries)	9.134.656	16.967.556	16.173.599	2,0%	-46,2%	993.296	1.590.719	1.296.221	1,3%	-37,6%
Total	450.338.657	632.928.208	796.884.930		-28,8%	77.834.729	94.786.224	95.181.794		-17,9%

Source: MDIC/SECEX - Prepared by: CICB

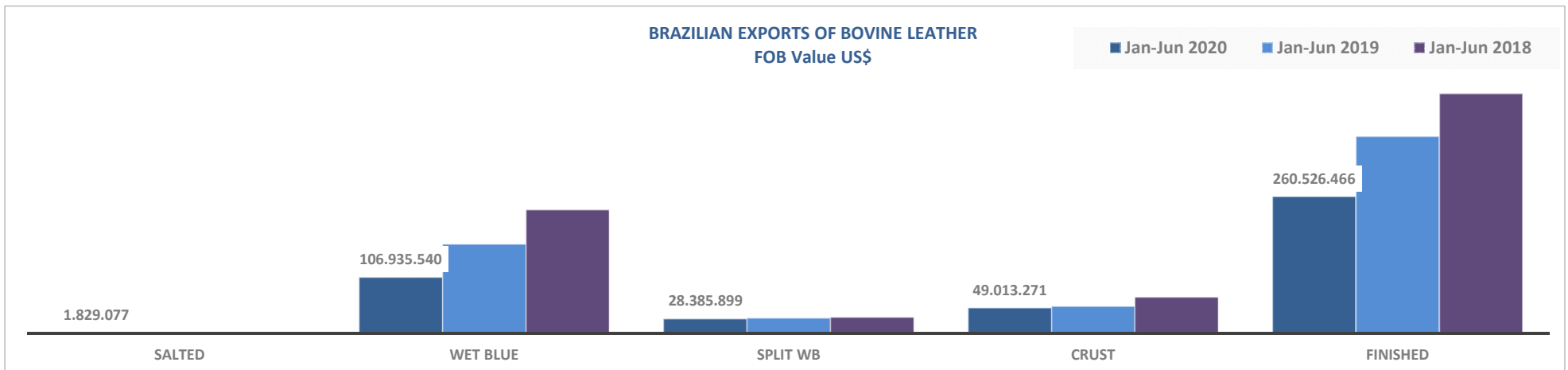
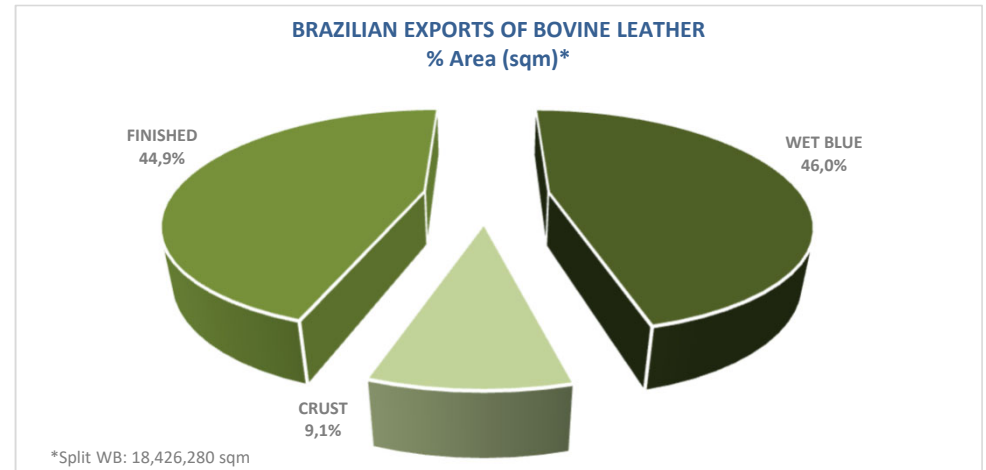
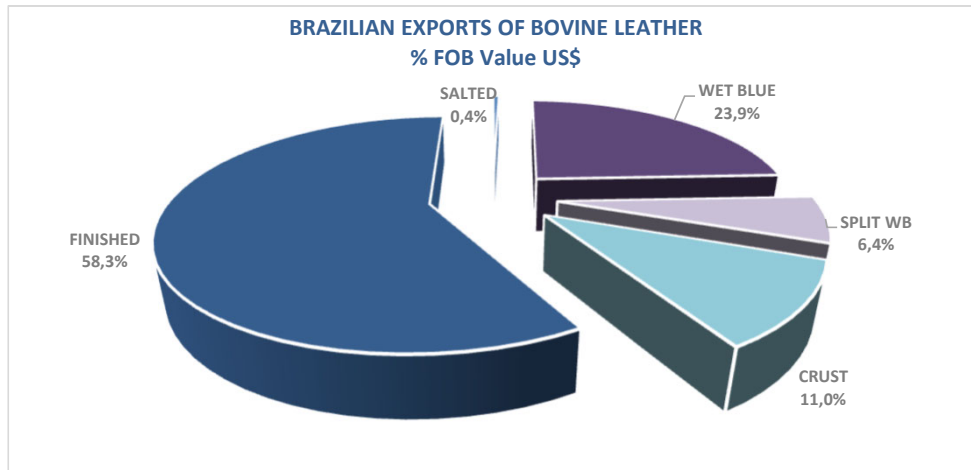
*Area including Full grain and Split

4 - BRAZILIAN EXPORTS OF BOVINE LEATHER BY TYPE

TYPE OF LEATHER	FOB VALUE (US\$)			Δ		AREA (sqm)*			Δ	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018	2020/2019	2020/2018	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018	2020/2019	2020/2018
SALTED	1.829.077	1.592.343	1.667.687	14,9%	9,7%	-	-	-	-	-
WET BLUE	106.935.540	170.176.843	235.543.173	-37,2%	-54,6%	27.264.819	36.034.944	32.096.882	-24,3%	-15,1%
SPLIT WB	28.385.899	29.717.472	31.273.397	-4,5%	-9,2%	-	-	-	-	-
CRUST	49.013.271	51.821.304	69.343.035	-5,4%	-29,3%	5.389.676	5.165.835	6.380.543	4,3%	-15,5%
FINISHED	260.526.466	374.998.651	456.271.567	-30,5%	-42,9%	26.567.689	34.007.549	34.962.389	-21,9%	-24,0%
Total	446.690.253	628.306.613	794.098.859	-28,9%	-43,7%	59.222.184	75.208.328	73.439.814	-21,3%	-19,4%

Source: MDIC/SECEX - Prepared by: CICB

*Only full grain



5 - BRAZILIAN EXPORTS OF HIDES AND SKINS BY STATE

	FOB VALUE (US\$)			Share 2020	Δ		AREA* (sqm)			Share 2020	Δ	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018		2020/2019	2020/2018	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2018		2020/2019	2020/2018
1 Rio Grande do Sul	124.984.658	163.142.317	180.410.562	27,8%	-23,4%	-30,7%	17.652.840	20.106.978	19.529.030	22,7%	-12,2%	-9,6%
2 São Paulo	65.809.832	100.998.037	146.587.353	14,6%	-34,8%	-55,1%	9.503.519	12.990.183	16.163.966	12,2%	-26,8%	-41,2%
3 Goiás	63.737.828	90.822.773	121.018.683	14,2%	-29,8%	-47,3%	11.091.676	15.152.176	14.570.804	14,3%	-26,8%	-23,9%
4 Paraná	57.739.712	84.225.116	80.474.571	12,8%	-31,4%	-28,3%	11.985.185	15.787.248	12.284.524	15,4%	-24,1%	-2,4%
5 Bahia	31.037.293	39.188.047	58.764.827	6,9%	-20,8%	-47,2%	5.408.852	5.318.544	7.172.521	6,9%	1,7%	-24,6%
6 Mato Grosso do Sul	29.951.823	35.520.345	47.245.647	6,7%	-15,7%	-36,6%	7.471.029	7.420.600	6.665.013	9,6%	0,7%	12,1%
7 Santa Catarina	22.724.957	33.153.644	46.427.399	5,0%	-31,5%	-51,1%	3.848.824	4.484.080	5.091.848	4,9%	-14,2%	-24,4%
8 Minas Gerais	15.148.878	19.029.555	20.487.816	3,4%	-20,4%	-26,1%	3.069.868	3.247.612	3.100.866	3,9%	-5,5%	-1,0%
9 Ceará	13.994.927	29.202.203	39.543.419	3,1%	-52,1%	-64,6%	1.684.189	3.192.408	3.646.493	2,2%	-47,2%	-53,8%
10 Pará	10.200.643	16.410.289	30.054.215	2,3%	-37,8%	-66,1%	2.463.344	3.158.826	3.825.506	3,2%	-22,0%	-35,6%
11 Mato Grosso	5.861.872	11.309.924	19.775.275	1,3%	-48,2%	-70,4%	1.503.407	2.226.310	2.485.288	1,9%	-32,5%	-39,5%
12 Rondônia	1.751.114	1.096.695	0	0,4%	59,7%	-	536.618	246.346	0	0,7%	117,8%	-
13 Rio de Janeiro	1.565.499	1.505.615	1.288.599	0,3%	4,0%	21,5%	14.916	57.000	34.355	0,02%	-73,8%	-56,6%
14 Acre	1.523.040	337.878	0	0,3%	350,8%	-	416.131	61.136	0	0,5%	580,7%	-
15 Amazonas	1.012.133	1.654.499	183.444	0,2%	-38,8%	451,7%	565.123	484.802	32.910	0,7%	16,6%	1617,2%
16 Tocantins	966.653	1.648.312	1.102.789	0,2%	-41,4%	-12,3%	288.344	368.741	151.804	0,4%	-21,8%	89,9%
17 Piauí	574.777	2.039.570	405.700	0,1%	-71,8%	41,7%	34.292	188.093	36.851	0,04%	-81,8%	-6,9%
18 Pernambuco	488.437	393.107	757.057	0,1%	24,3%	-35,5%	24.758	26.848	74.221	0,03%	-7,8%	-66,6%
19 Amapá	378.431	240.463	237.185	0,1%	57,4%	59,6%	0	0	0	0,0%	-	-
20 Maranhão	373.905	604.139	921.511	0,1%	-38,1%	-59,4%	144.939	153.767	142.251	0,2%	-5,7%	1,9%
21 Sergipe	332.472	398.053	417.244	0,1%	-16,5%	-20,3%	107.753	114.446	96.654	0,1%	-5,8%	11,5%
22 Distrito Federal	114.665	0	0	0,03%	-	-	18.946	0	0	0,02%	-	-
23 Rio Grande do Norte	48.803	0	0	0,01%	-	-	0	0	0	0,0%	-	-
24 Espírito Santo	16.305	7.627	8.983	0,004%	113,8%	81,5%	176	80	97	0,000%	120,0%	81,4%
25 Not Declared*	0	0	772.651	0,0%	-	-100,0%	0	0	76.792	0,0%	-	-100,0%
Total	450.338.657	632.928.208	796.884.930	100,0%	-28,8%	-43,5%	77.834.729	94.786.224	95.181.794	100,0%	-17,9%	-18,2%

Source: MDIC/SECEX - Prepared by: CICB

*Exporter did not declare the state of origin

