

Fur World

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The Newsmagazine of Fur and Luxury Outerwear

Chinese and US Markets grow, fueling increasing product diversity 2016 HKFF Demonstrated Shifts in the Global Market

The 2016 Hong Kong International Fur and Fashion Fair drew to a close on 28 February with its world leader position as the largest global fur trading platform retained. The fair concluded with US\$70 million generated in confirmed orders, anticipated to rise to a total of US\$132 million. The fair witnessed a shift in the fur market, this year mainland China has been the strongest market. Product popularity has shifted to favor a more diversified product range to reach more consumers, including menswear and trim items.



Mr. Henry Sun, Chairman of the Hong Kong Fur Federation (HKFF) says that the increase in fur's market in mainland China has driven creative growth in the designs for fur garments. Popular styles in the mainland market have driven an increase in the use of colorful dyes, especially in accent items. Mr. Sun also asserts that despite the strength of mainland markets, buyers

still come to Hong Kong for a greater sense of style in the clothes supplied by Hong Kong manufacturers.

Mr. Sun believes that this year is the best time for buyers to invest in good quality fur purchases, as pelt prices dropped to a ten-year low. China is now the fur trade's strongest market, followed by the US, and then by Korea and Japan.

According to Mr. Tim Everest, Director of HKFF, the fur market is in a period of economic correction. Russia set to rebound quickly on the heels of general economic recovery. The falling prices at fur auctions are in fact keeping in line with trends of other commodities, thus creating opportunities for the fur industry. The diverse fashion possibilities offered by fur serve as an insulation against market uncertainty, its versatility means it continues to be desirable. With the worldwide vogue for fur, the current shifts in the market have also created an environment which favors innova-

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Prabal Gurung, Fall 2016

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News in brief

New CEO of Copenhagen Fur

Mr. Torben Nielsen retires after 24 years as CEO of Copenhagen Fur. He will be succeeded by Jesper Uggerhøj who comes from a position as CEO of Irma. Jesper Uggerhøj has extensive experience in the management of companies with a focus on sale, retail as well as concept and business development in Denmark and abroad. He was previously CEO of Premier Is - Mejerigaarden A/S and Løgismose A/S. His CV also includes senior positions in Toms Group and Arla Foods.

- We are very pleased to announce that Jesper Uggerhøj takes over the reins of leadership of Copenhagen Fur. We



Jesper Uggerhøj

are a company with very large span from primary production on the fur farms, over the very large joint company with auction house, consultancy, laboratory, public affairs to the international catwalks in for example Shanghai and Milan. Jesper has extensive experience in international sales and with many years of service in Arla Foods, he has also previously been working in a farmer-owned cooperative. We look forward to the collaboration, says Tage Pedersen, chairman of Copenhagen Fur's board of directors.

- I see it as a very big and exciting challenge to take over the position as CEO of Copenhagen Fur. The company has - in close cooperation with the Danish fur farmers - created impressive results on the international markets in recent years and enjoys global leadership. I look forward to continuing to develop this position in close cooperation with the fur farmers and the many talented employees of Copenhagen Fur, says Jesper Uggerhøj.

Kopenhagen February 2016 Auction Results

The February auction was awaited with great excitement due to the de-

clining sales at this season's first three international fur auctions.

The large offering of mink skins of 6.8 million was 100% sold at prices that were in line with this year's January auction. The collection achieved an average price of \$31.75 USD, which is considered satisfactory in the current very difficult market situation.

Since last summer, the fur market has been characterized by great uncertainty and it was therefore essential for all stakeholders in the industry that a world market price for mink skins was set.

Prior to this auction Copenhagen Fur published that, as the leading player in the international fur market, Copenhagen Fur has a special obligation to help establish a real and credible market price so that the current situation in the fur market returns to normal although it may result in a significant drop in skin prices. The fur trade needed the real market prices and Copenhagen Fur was prepared to meet the market.

In the light of the approx. 400 attending customers with 200 customers from China and Hong Kong, the announcement was successful compared to the number of customers being present at the January auction.

Neiman Marcus' oil spill

Neiman Marcus is having flashbacks of the last recession. Sales are falling, clothes are piling up, and the company is pruning orders for the fall. Hope of an upcoming IPO -- for which it filed plans last August -- has dimmed.

CEO Karen Katz didn't come out and use the "R" word during the company's earnings call this week to describe the economic environment. But she did mention putting the recession playbook to use, saying it would take the better part of a year to work through all Neiman Marcus' extra inventory.

The culprit this time around is an epic oil and gas price slump. A fifth of Neiman Marcus stores are located in the oil-producing state of Texas, with shoppers whose wealth is tied to the business, and Katz said energy-price

Obituary

The fur industry mourns the death of MICHAEL FOERSTER, who died of natural causes in early February in Seattle, WA. He was 69. Michael worked in the fur industry all his life with great success as a retailer and a wholesaler. He was active with the Seattle fur exchange, and was a respected and recognized figure in the Fur Industry.

Michael was a truly generous person and all knew him knew he was also a kind, caring person who will be remembered by those whose lives he touched.

Michael is survived by one son, Dana Michael Foerester. The Fur Industry has lost an icon that will be sorely missed and heaven has gained a wonderful new angel.

declines are causing customers to cut spending. Low gasoline prices, which can sometimes help boost the spending of lower-end consumers, don't do much to pad the pockets of big spenders buying \$24,000 Gucci handbags.

Last week Neiman Marcus said sales at established stores fell by 2.4 percent from the year before, following a 5.4 percent first-quarter drop -- the first same-store sales decline since 2010. Back in 2008, the plunging stock market and cratering housing market spooked Neiman's wealthy customers, prompting seven straight quarters of negative comparable sales for the luxury retailer.

1. Most typically loath to let executives use the weather or other external factors as a scapegoat. And Neiman Marcus certainly has its share of internally-caused problems (high levels of distressed debt, intensified competition, etc.). But a look at the latest sales tax collections from the Texas State Comptroller shows Neiman Marcus isn't alone when it comes to the economic pain the oil and gas bust is causing.

Continued on page 5

FICA Fundraiser

ILOE is proud to announce the return of Casino Night for its annual FICA Fundraiser. Directly after the show closes on Monday, ILOE is hosting a cocktail hour followed by a fabulous dinner to benefit the incredible programs FICA puts together to bring awareness to our esteemed industry. American Legend Cooperative has graciously donated a beautiful bundle of Black GLAMA skins to be auctioned off at the event. Serbos Furs of New York has also donated their

talent to craft this bundle of prize skins into a stunning garment.

Directly following the dinner, our guests can unwind and enjoy an exciting action packed evening of Las Vegas style gaming where guests will play for chips which can be redeemed for tickets for the chance of winning cool prizes. Tickets for this incredible evening are \$135.00. Please contact Scott Bernstein, of Rendezvous NY at (212-268-7070 or Al Zuckerman of CRRM, Inc. at 407-614-5768 al@ilshow.com.

Datelines, continued from page 2

After years of sustained growth, the money Texas collects from retailers to fund its coffers has dropped for five straight months.

Meanwhile, consumer-facing companies from Garmin and Blue Nile to Pepsi and Kona Grill are feeling the sting.

Stage Stores, which operates 850 department stores in 40 states, likened its performance to "a tale of two cities" at an investor conference recently. Sales at established stores located in the oil patch are down four percent from the year before, but are up by 0.5 percent throughout the rest of the chain. In towns where "rig counts went down basically to zero, we've seen some customers who left town," CFO Oded Shein said. Stage executives also mentioned customers living on royalties from companies that had found oil on their land. **FW**

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Fur customers ask for Chris Yacoviello

HKFF, continued from page 1

tion of design, and a growing emphasis on niche interests. Fur's new fashion item, and its new affordability, create a wealth of opportunity in the market.

The types of fur being sold has shifted. High-end materials, such as Chinchilla and Sable sales, have increased in percentage over those of Mink, a staple in the fur market. Fox has become more popular for its availability as trim, seen especially in the American market. Mink retains its hold on the Chinese market, constituting 90% of fur sales. Four season designs have also seen a resurgence from fashions popular in the 50's and 60's, especially with products such as Lambskin, and garments pairing fur with cashmere or knitwear.

An increase in product diversity has also helped broaden the appeal of fur in global markets. Mr. Wong Yau Fai, Vice-Chairman of HKFF comments on the shift in men's fur trends from cold-climate utility, into a more metropolitan fashion market. The shift will hopefully be able to attract younger men to fur and help expand the market. He attributes some of this shift to the saturation in the women's market, due to 2016's late winter. As his company launches menswear collection for the first time, Mr. Wong says that menswear has driven a focus on garment versatility and the response has been good.

The 2016 Hong Kong International Fur & Fashion Fair accommodated 720 exhibition booths, with 240 exhibitors from 13 countries showcasing fabulous products and exchanging innovative ideas. Renowned as the most important fur trade event in the world, the Fair this year attracted buyers from over 30 countries. The 4-day exhibition brought together market-leading furriers and fur buyers from all over the world and is recognized as the world's largest fur trading platform. **FW**

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Saga Furs Innovation in WWD's "The Runway Report"

Marvelous creations went straight from the runways of New York Fashion Week to the pages of Women's Wear Daily in exclusive reports showing highlights from the record amount of furs in collections. Nearly all the styles have a connection to innovation stemming from Saga Furs Design Center, and you will see lots of the superb quality Saga® Mink, Fox and Finnraccoon designers chose for their pieces.

Fur was everywhere in New York: on the catwalks, in the front rows – and all the other rows – and certainly on

the streets of the chilled city. With a majority of collections showing fur in various ways, designers testified to the versatility of the material and its natural aesthetic, while the sidewalks of New York were like runways showing fur's utility.

Saga Furs actively helped a number of designers develop fur styles for collections, provided innovative ideas for many others and offered inspiring new techniques and know-how to scores of others.

"In fact, it would be difficult to pinpoint a single piece without a direct or indirect debt to the R&D work done at the Design Center through the years," says Charlie Ross, head of international marketing and sustainability, who also remarked on the vast number of furs on runways. "Designers looking for the very best standards of luxury fur see the value of the materials strengthened by Saga Furs' tireless efforts to practice and promote sustainability and transparency."

COMPLETE SPECTRUM OF FRESH DESIGN IDEAS FOR A TIMELESS MATERIAL

New York collections were an eclectic mix of opulent luxury and understatement that expressed the idiom of fur fashion with striking clarity. Luxury was the beacon.

Colors and graphics abounded through use of intarsia or natural hair characteristics in a deft balance of aesthetics and practicality. Trims – like ample fur collars – put luxurious icing on many a stylistic cake.

Fur remains the "revenant" that in recent years has returned to runways in ever greater numbers, and cinematic inspiration was evident in men's and women's collections. For the guys, designers presented bold masculine looks that would lend themselves to black tie or stressed jeans.

WWD's "The Runway Report 2016" – sponsored by the Fur Information Council of America – provided luscious images over several days. The features provide an excellent look at the trends to watch for when autumn arrives. **FW**



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Slow Start for Mink and Non-Mink Imports

Both mink and non-mink imports showed sharp declines for the month of January. Mink imports declined by 47.07 percent in dollar value while non-mink showed a 16.98 percent decline in unit dollar value.

The biggest declines among the majors in mink import were China, with a decline of 38.02 percent and Greece with

a decline of 82.09 percent.

The decline for both countries continued in non-mink with China declining 43.13% and Greece 63.97%.

Blending both categories showed an over decline of 35.66%. **FW**

MINK	Month of January					Year to Date				
	Units	US \$	Units	US \$	% change	Units YTD	US \$	Units YTD	US \$	% change
	Jan-16	Jan-16	Jan 15	Jan 15		16-Jan	16-Jan	15-Jan	15-Jan	
China	2,228	1,099,054	2,804	1,773,172	-38.02%	2,228	1,099,054	2,804	1,773,172	-38.02%
Italy	96	316,591	271	320,743	-1.29%	96	316,591	271	320,743	-1.29%
Macedonia	287	218,812	-	-	N/A	287	218,812	-	-	N/A
Greece	451	215,609	841	1,203,919	-82.09%	451	215,609	841	1,203,919	-82.09%
Canada	122	141,419	310	313,413	-54.88%	122	141,419	310	313,413	-54.88%
France	40	22,640	134	215,073	-89.47%	40	22,640	134	215,073	-89.47%
Denmark	12	15,433	-	-	N/A	12	15,433	-	-	N/A
Turkey	42	10,328	9	3,326	210.52%	42	10,328	9	3,326	210.52%
United Kingdom	1	4,964	-	-	N/A	1	4,964	-	-	N/A
Cambodia	5	4,949	-	-	N/A	5	4,949	-	-	N/A
Others	6	4,938	64	52,384	-90.57	6	4,938	64	52,384	-90.57
Total	3,290	2,054,737	4,433	3,882,030	-47.07	3,290	2,054,737	4,433	3,882,030	-47.07

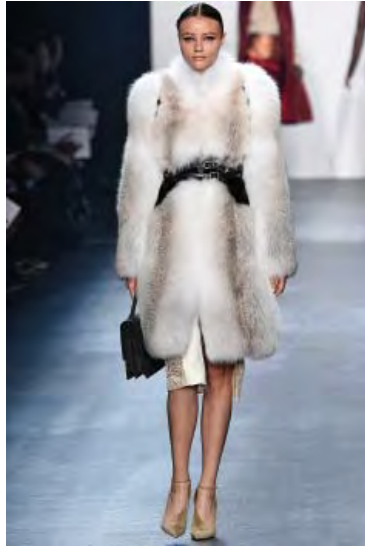
NON-MINK	Month of January					Year to Date				
	Units	US \$	Units	US \$	% change	Units YTD	US \$	Units	US \$	% change
	Jan-16	Jan-16	Jan 15	Jan 15		16-Jan	16-Jan	15-Jan	15-Jan	
Italy	853	658,363	676	537,050	22.59%	853	658,363	676	537,050	22.59%
China	7,056	363,304	9,039	638,829	-43.13%	7,056	363,304	9,039	638,829	-43.13%
Canada	286	268,635	819	319,763	-15.99%	286	268,635	819	319,763	-15.99%
Turkey	640	189,397	326	166,349	13.86%	640	189,397	326	166,349	13.86%
Hong Kong	132	111,985	34	30,188	270.96%	132	111,985	34	30,188	270.96%
Greece	378	87,026	646	241,536	-63.97%	378	87,026	646	241,536	-63.97%
Uruguay	430	58,820	61	16,062	266.21%	430	58,820	61	16,062	266.21%
Poland	54	54,211	151	11,516	370.75%	54	54,211	151	11,516	370.75%
Philippines	51	40,638	30	11,834	243.40%	51	40,638	30	11,834	243.40%
France	26	35,855	600	252,393	-85.79%	26	35,855	600	252,393	-85.79%
Others (29)	1,875	101,699	1,335	147,354	-30.98%	1,875	101,699	1,335	147,354	-30.98%
Total	11,781	1,969,933	13,717	2,372,874	-16.98%	11,781	1,969,933	13,717	2,372,874	-16.98%
Grand Total	15,071	4,024,670	18,150	6,254,904	-35.66%	15,071	4,024,670	18,150	6,254,904	-35.66%

Big and Bold — Foxy

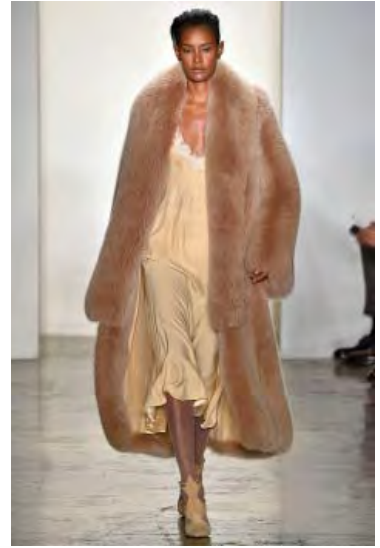
Our fur trend reports for Fall 2016 will begin with the New York collections. A hot trend is Big & Bold fox coats in bold colors. More trends to follow in the upcoming issues. **FW** (Photos courtesy of Saga Furs)



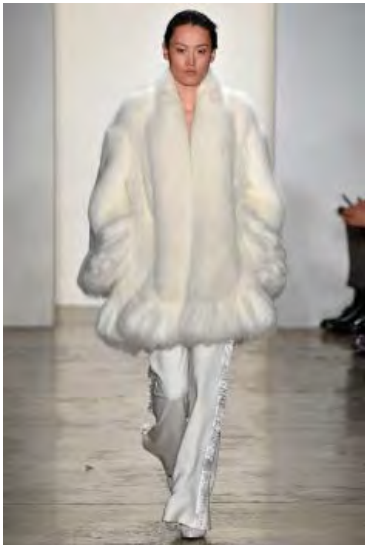
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