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Canadian Shippers,

It is not often that we write a separate market report to our Canadian and U.S. shippers, however the rate of exchange difference from last year to this year amounts to approximately 25% and thereby negates or reduces the benefit of the price increases to our Canadian shippers. Last year we paid out \$1.25 while this year the rate will be \$1.02 for wild fur.

Overall we were very pleased with our wild fur sale. Attendance from all the major markets was excellent and one of the best we have seen for years. China had the largest attendance, but other markets like Russia, Greece, Korea and Western Europe came in near record numbers, which set the tone for a positive attitude amongst the buyers.

Most articles were once again in demand, starting with our Beavers, which did better than expected in clearances, as well as receiving substantial price increases over last May, but we recognize that the price is still unsatisfactory. The problem here is still the dressing. However, on the positive side, 90% of the Beavers have now been sold to China which will definitely result in improved dressing for this important article.

Red Fox and Grey Fox both sold 100%, with heavy better quality Red Fox selling exceptionally well. Fisher sold 100% under very strong competition, where especially the females sold at premium prices.

Raccoon had excellent clearances for all heavy and better sections, which sold 100%, while Eastern, Northern and semi-heavies met some resistance. Better colours again received premiums, while C & D colours fared much better than last year. China dominated this sale, but had support from other countries for the better, heavier trimming types. Wild mink sold 100%, again to China, and advanced 88% over last year.

Otters are finally recovering and showed a price increase of 73% over last year — an encouraging sign for the future.

Despite the excellent attendance, Sables underperformed against expectations. The bigger sizes (XX & XL) heavier goods performed well, but a weakness showed up in a straight large size, especially the paler colours, of which our collection contains a very high percentage. The lack of support in this particular size reflects the trade's uneasiness about a larger than usual quantity of similar goods that will be offered in Russia. Although Sables went up 25% compared to last year at the same time, because of the currency difference, this unfortunately will come out on the account sales as being the same.

In the Lynx, better colours continued to have good demand, but the off colours are still showing weakness, although this has improved over last year. The Lynx Cats sold at much higher levels than expected and one could expect that this will help our Lynx in the next sale.

Muskrats sold at historic highs, with prices up 150% over last year, China taking all. We have never seen an average for regular goods of \$9.95! Coyotes sold under strong competition at advancing prices for all sizes, except for the flatter goods which remain difficult to sell.

It is obvious that the wild fur market has advanced considerably since January, and there is no doubt that NAFA's Northern Lights wild fur promotional program which we started in China last year is showing immediate benefits. For more information on our Northern Lights program visit our website at www.nafa.ca.

Sincerely,

Herman Jansen