



NORTH AMERICAN FUR AUCTIONS

Wild Fur Market Update

March 31, 2009

In our last updates of March 5 and March 6 we talked about the problems that wild fur is experiencing and our selling policy for the upcoming May sale.

Our international agents are working very hard on your behalf and their number one question to the manufacturers around the world is how many skins of a particular type could they possibly buy at our May sale. As expected, it is very difficult to get a straightforward answer from anyone. The answers are: it depends on price; it depends on whether my operating line of credit with the bank will allow me to buy more; it depends on the Russian ruble; it depends on the orders that I have; it depends on dressing capacity. No one of us has all these answers.

We do know that China, in general, has improved their dressing of wild fur and that with the exception of shearing and plucking Beaver, they do a reasonably good job. Certain articles like Coyote require meticulous attention, especially in the soaking process, to make sure that the underwool does not mat. In other words, the cleaning is very important.

The Russian ruble, which was devalued in February to 36 against the U.S. dollar, has been trading at approximately 33/34 in the last 10 days. A very good improvement, especially because a number of the currency traders felt that it would devalue further—there was some talk of even 50 ruble for \$1 U.S. The higher price of oil is stabilizing this currency. The economic news around the world appears to have improved over the last two weeks.

The most important banks for the fur trade are in China because they are our biggest buyers. It is our belief that the Chinese government will go out of its way to soften the recession in China and will try to keep businesses alive. Bank financing is a very important part of their economic policy.

While it is always difficult to forecast prices, from what we saw in February 2009, we can tell you that in the case of raccoons, for example, the 2/3 colours sold well and the off colours (4/5) could not find a home. Only a few times in the last 30 years have we seen such huge price discounts for the off colours. When this did happen, it lasted for two selling seasons.

The most important job for us as your auction company is to make sure that the product gets sold and the garments, hats and trim are put into the retail stores and sold at a profit. This is what we need to do to make sure that we create a better demand for wild fur next year. Remember, when people make a profit, they will always come back for more.

Herman Jansen