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Wild Fur Market Update

CHINA

The month of November in Northeast China will be recorded as one of the coldest ever, with early snowfall in the larger cities like Beijing, Shenyang and Harbin, which has definitely helped the opening of the retail season. Although most of the Chinese retail sales are still in mink, they are using muskrats, which have done very well, and this should have a positive effect on other wild furs as well. The first wild fur benefactor is muskrats, which are selling exceptionally well in China and will have another strong selling season.

As we have mentioned before, historically China has not been a big taker of North American wild fur and it has taken us some time to get the Chinese consumer to be interested in wild fur. After many years of hard work, we are seeing the turnover of wild fur in China increasing and we strongly believe that over the next couple of years we will be able to bring China in as a constant purchaser of fashionable wild fur.

NAFA's Chinese team of agents has had many meetings with retailers, manufacturers, wholesalers and dressing companies to see what positive steps NAFA can take to promote wild fur in China more effectively to make wild fur more prominent in China. As the largest handlers of wild fur in the world, we see the importance of creating more marketing opportunities for us in China. NAFA and the Wild Fur Shippers Council fully understand that today's wild fur prices are unattractive and that as your producer-owned auction company, we will have to invest more money and time than ever in China. China has one of the best potentials because of its strong currency and growing economy.

Financially we are the largest and strongest producer-owned wild fur auction house in the world, but more importantly to you, we are the one that is willing to invest to make sure that our shippers have a profitable future. There is no doubt that the world in which we live is changing and so is the wild fur market. We will be looking at optimizing the marketability and prices of wild fur in every way possible. We will be leaders and won't be afraid to look at changes that will benefit the end result for all of us. The availability of the wild fur supply on an ongoing basis throughout the year could be an important factor for higher prices. We will continue to work with dressing companies and designers to create new and innovative fashions and colours. Continuing to work with manufacturers on a proper label program to ensure quality control and availability could lead to higher prices. We will not leave one stone unturned. When times are tough, it is important to look at new opportunities.

RUSSIA

Historically, and over the last 10 years, Russia has been an exceptionally good customer for our wild fur. However, whenever their economy or their currency has had dramatic declines, we have had problems moving our product there. The Russian economy, which shrank by close to 10% this year, unfortunately is still not healthy. It would appear that we will go through another sluggish retail season due to an unsold inventory of last year's garments. However, if we are lucky and Russia has a very cold winter, the results could be more positive. Our Greek and Turkish manufacturers are obviously hopeful for this and some of these manufacturers see an opportunity with wild fur because of the low prices.

The Russian ruble is steady and oil continues to sell above \$70 USD per barrel, which are positives. Russia still imports most garments from Greece, Turkey and China. It has a very small domestic garment production.

Overall the market for wild fur remains troublesome, but we are beginning to see some encouraging signs in China that hopefully can be turned to NAFA and its shippers' advantage in the upcoming marketing season.

We will keep you posted.