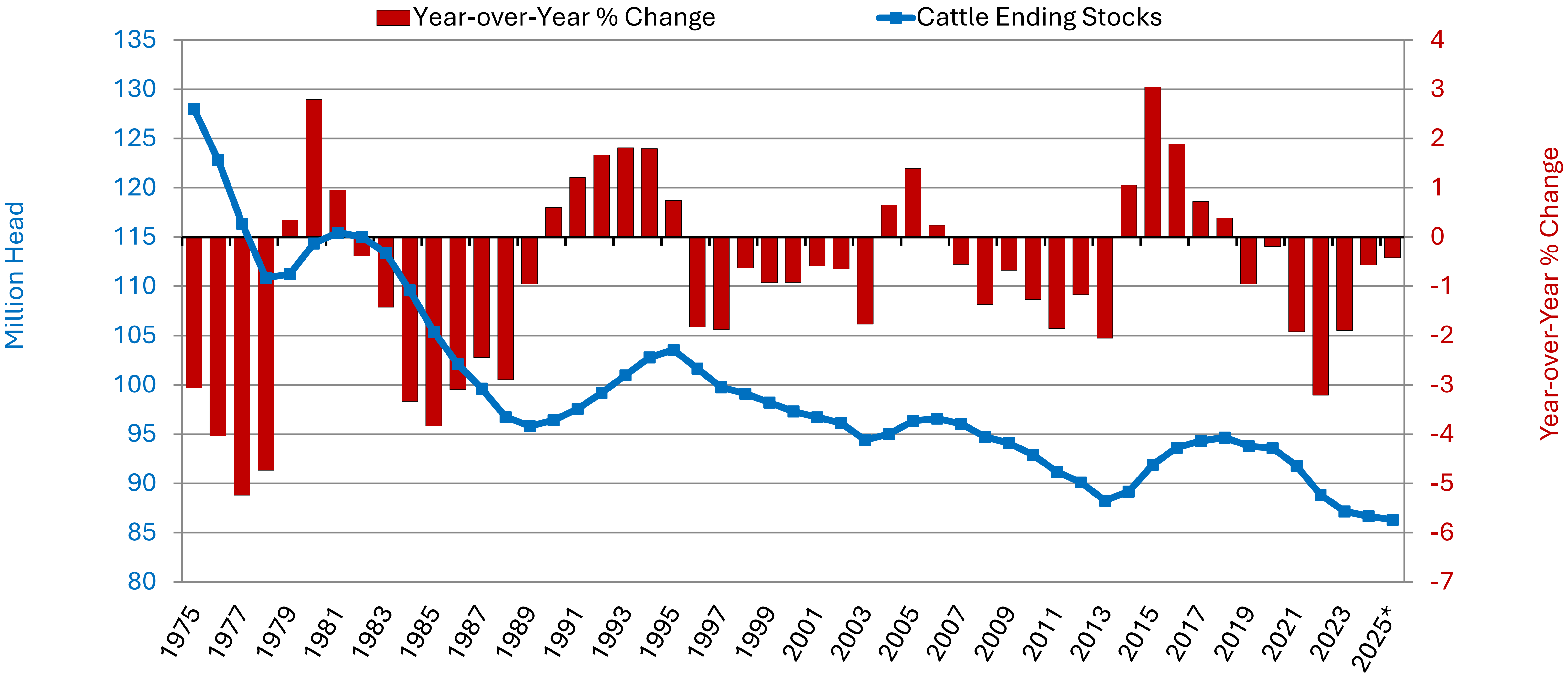
Getting to Equilibrium:
An Economic Snapshot of the Cattle, Hide, Leather Markets

Gary Raines – October 17, 2025

Outline

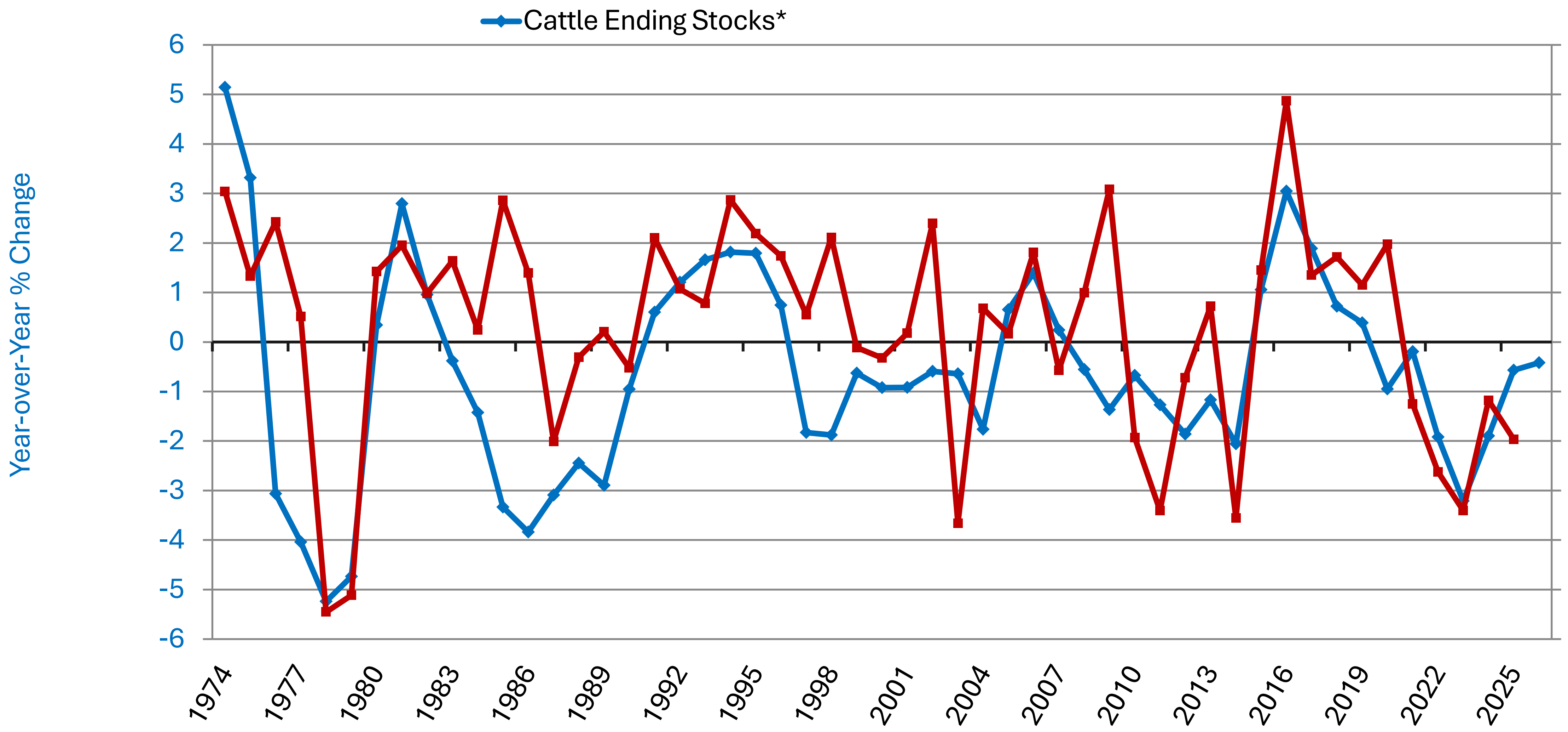
- Hide pricing model
- Supply side: Imports, tariffs, & costing
- Demand side: Getting at what matters
- In summary

Slip Slidin' Away: US Cattle Herd Size Smallest in 74 years



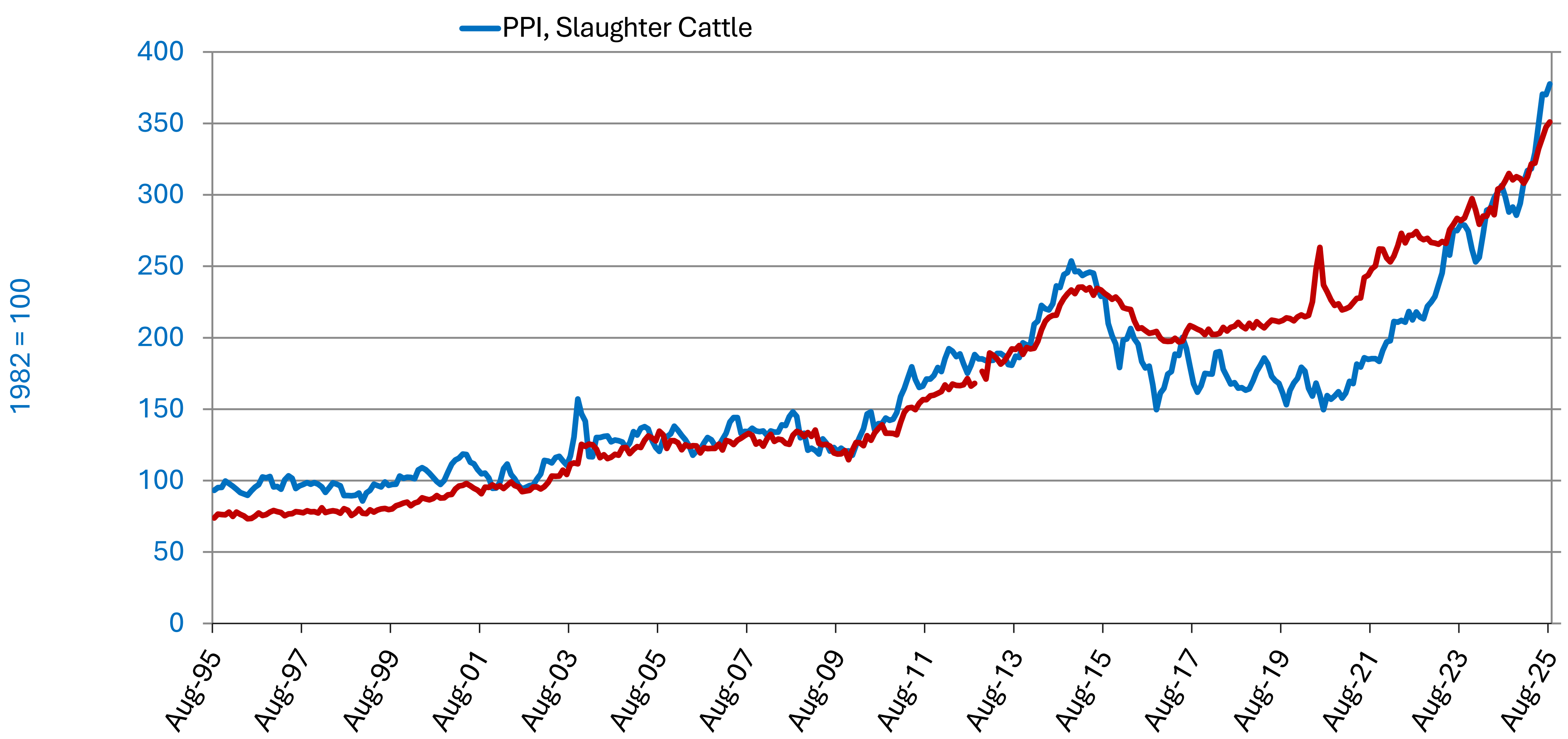
Source: USDA. *Forecast

Cattle Prices Generally Respond in Opposite Direction to Cattle Herd Size



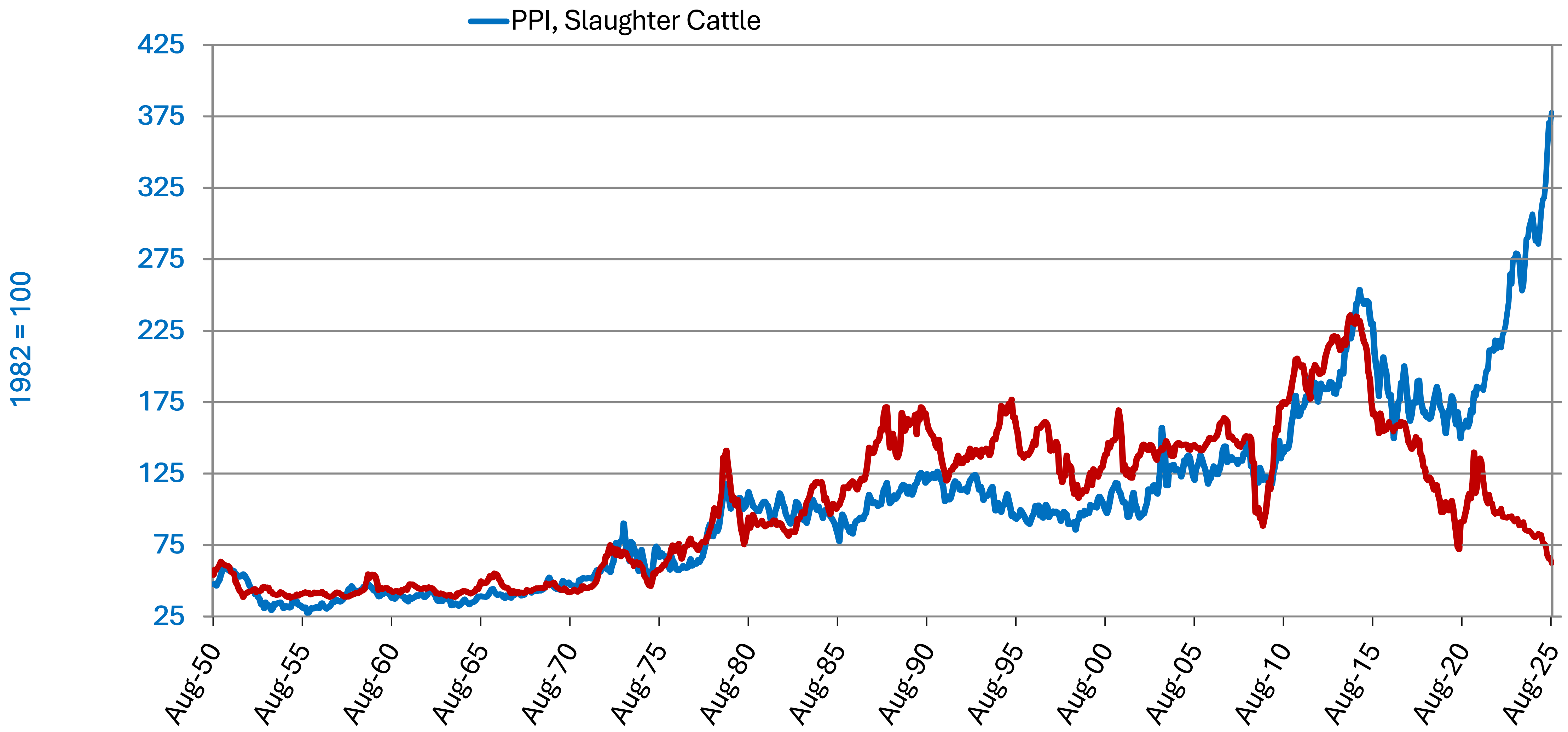
Sources: USDA & US Bureau of Labor Statistics. *Lagged one year

Ground Beef Prices Move in Step with Cattle Prices



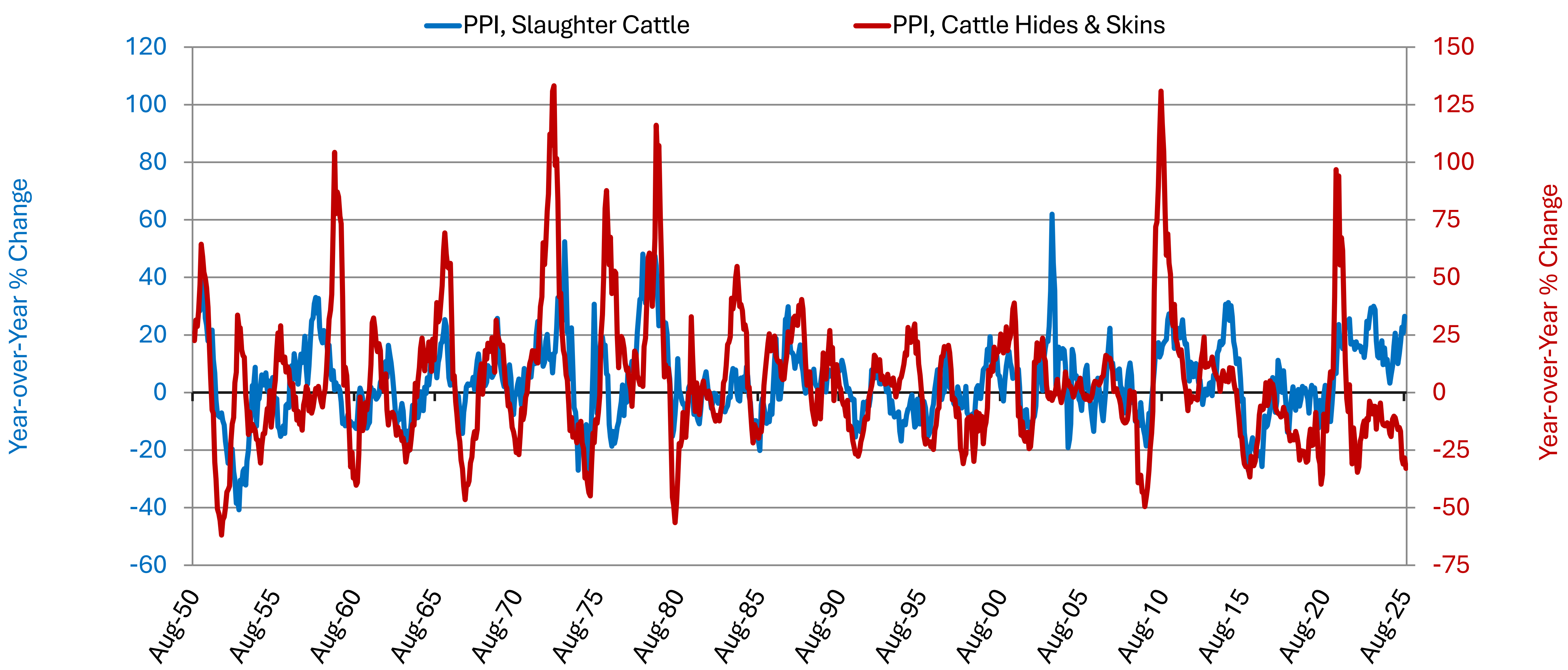
Source: US Bureau of Labor Statistics

Prices for Cattle Hides & Skins Move in Step with Cattle Prices



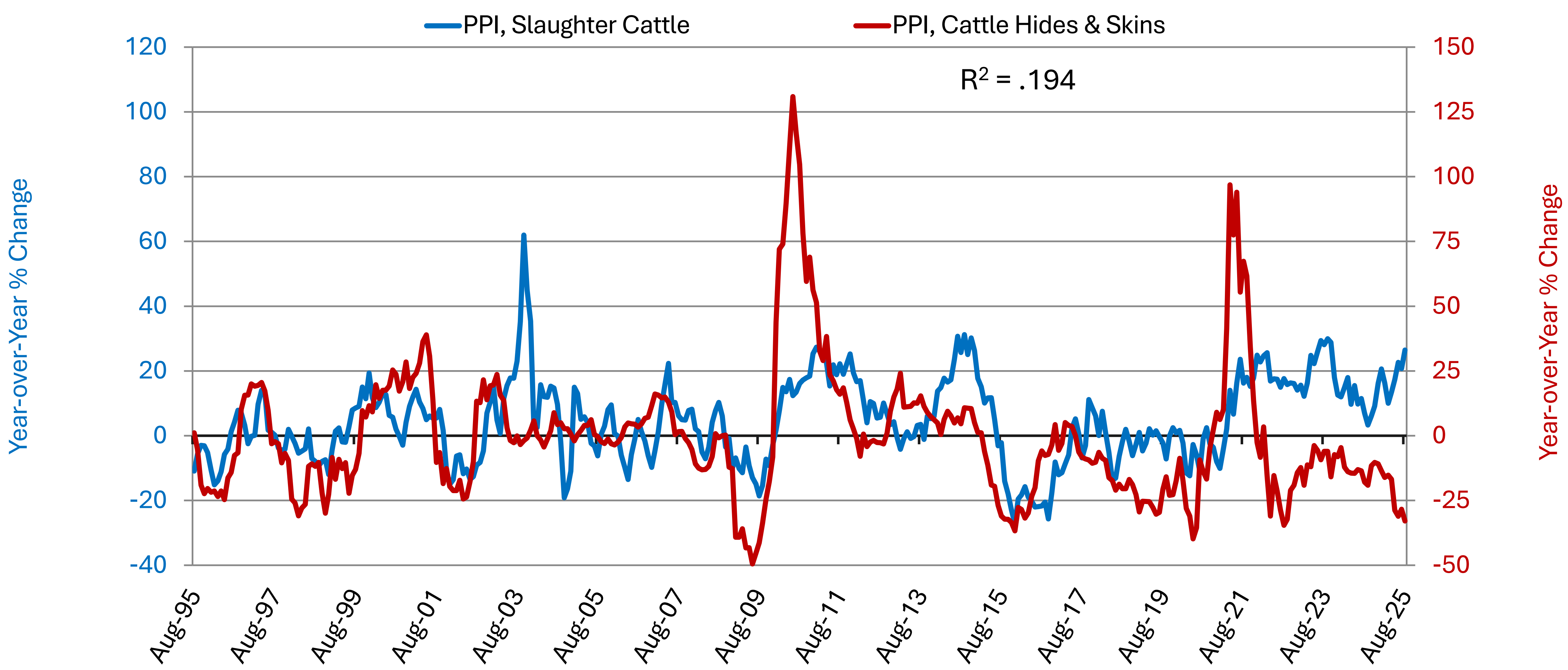
Source: US Bureau of Labor Statistics

Prices for Cattle Hides & Skins Move in Step with Cattle Prices...Until Recently



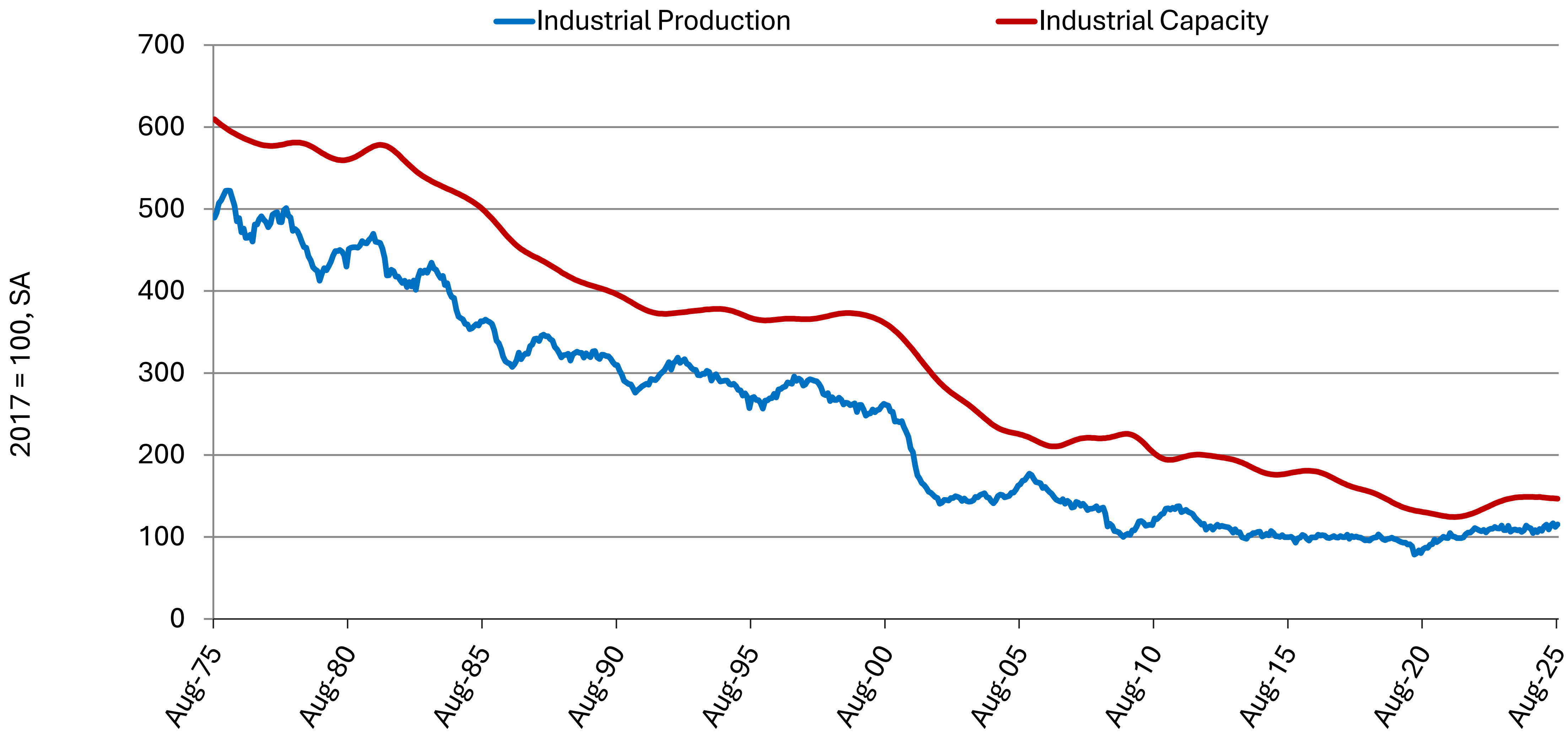
Source: US Bureau of Labor Statistics

Prices for Cattle Hides & Skins Move in Step with Cattle Prices...Until Recently



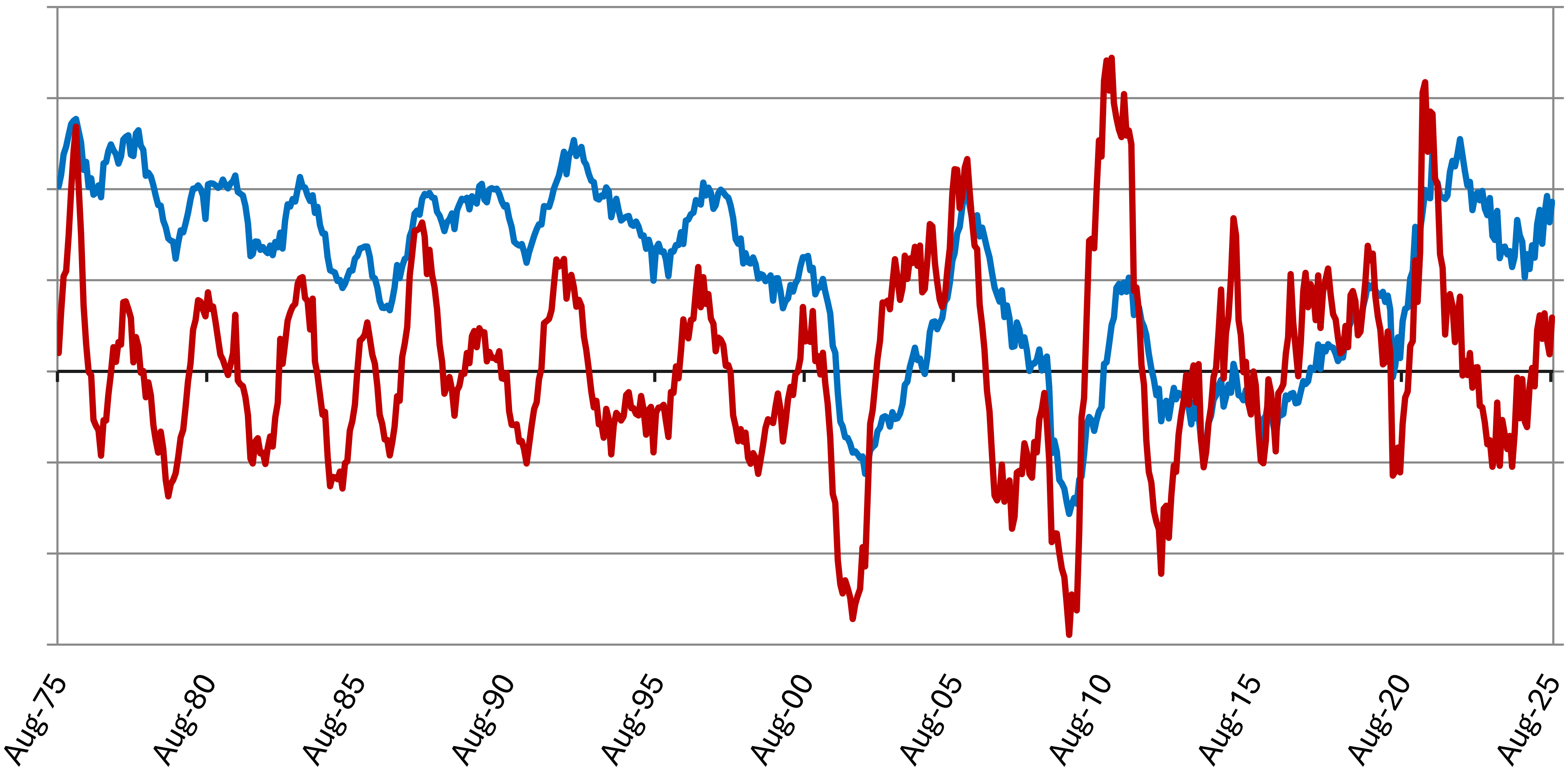
Source: US Bureau of Labor Statistics

Production & Capacity of US Leather Industry Mostly Flat over Last Decade



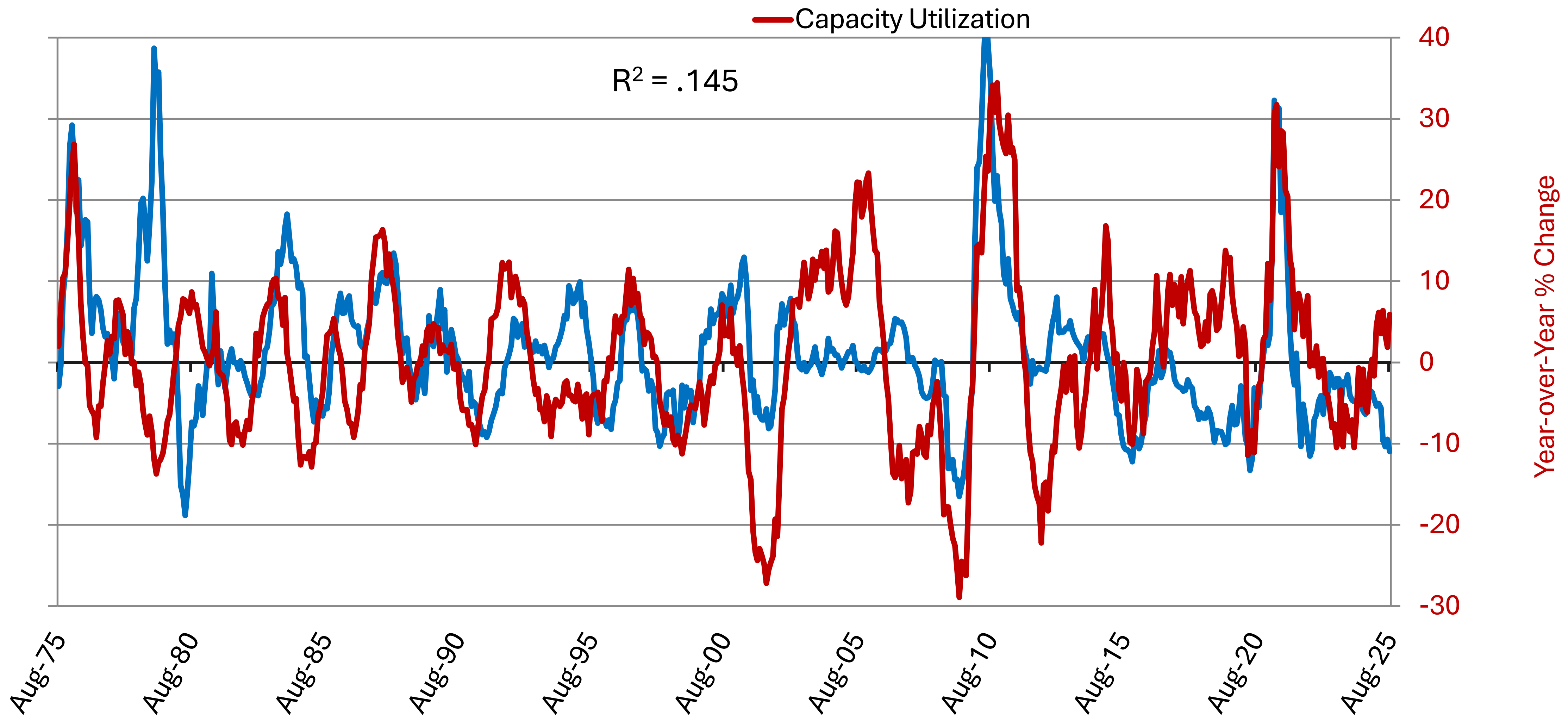
Source: Federal Reserve

Leather Industry *Capacity Utilization*: Ratio of Production to Capacity



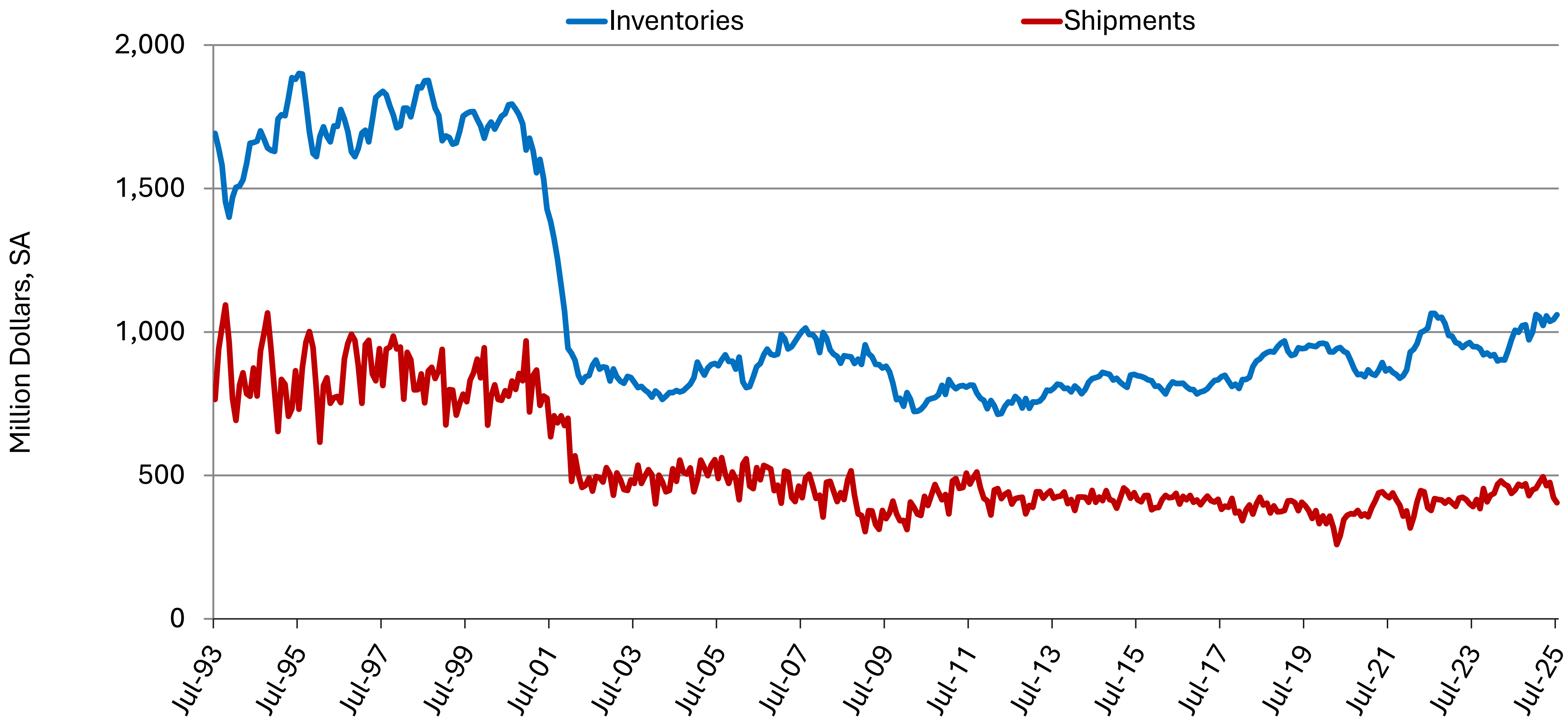
Source: Federal Reserve

Wholesale Hide Prices vs. Leather Industry Capacity Utilization Ratio



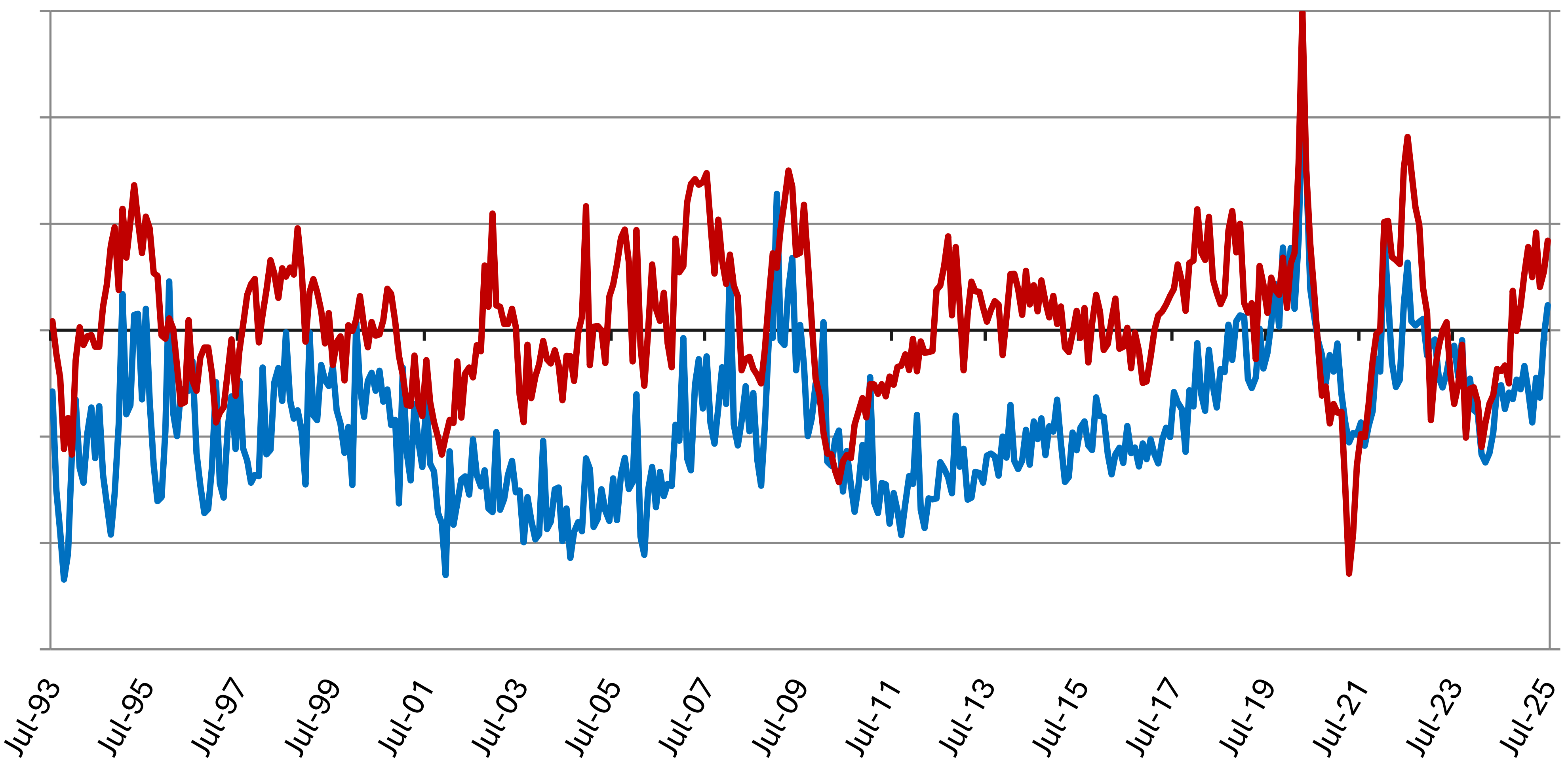
Sources: Federal Reserve & US Bureau of Labor Statistics

Inventories & Shipments of US Leather Industry *also* Mostly Flat over Last Decade



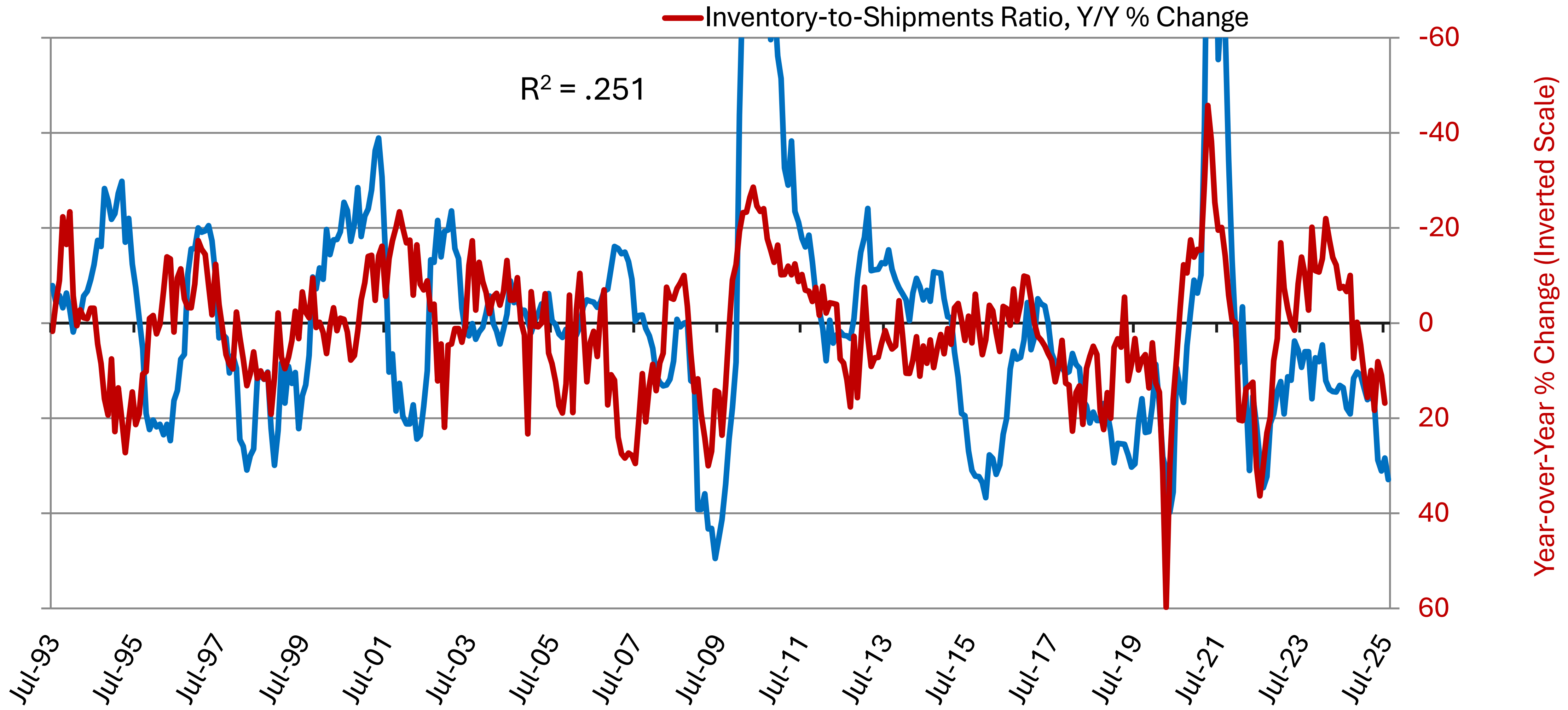
Source: US Census Bureau

Leather Industry *Inventory-to-Shipments Ratio*



Source: US Census Bureau

Wholesale Hide Prices vs. Leather Industry *Inventory-to-Shipments Ratio*



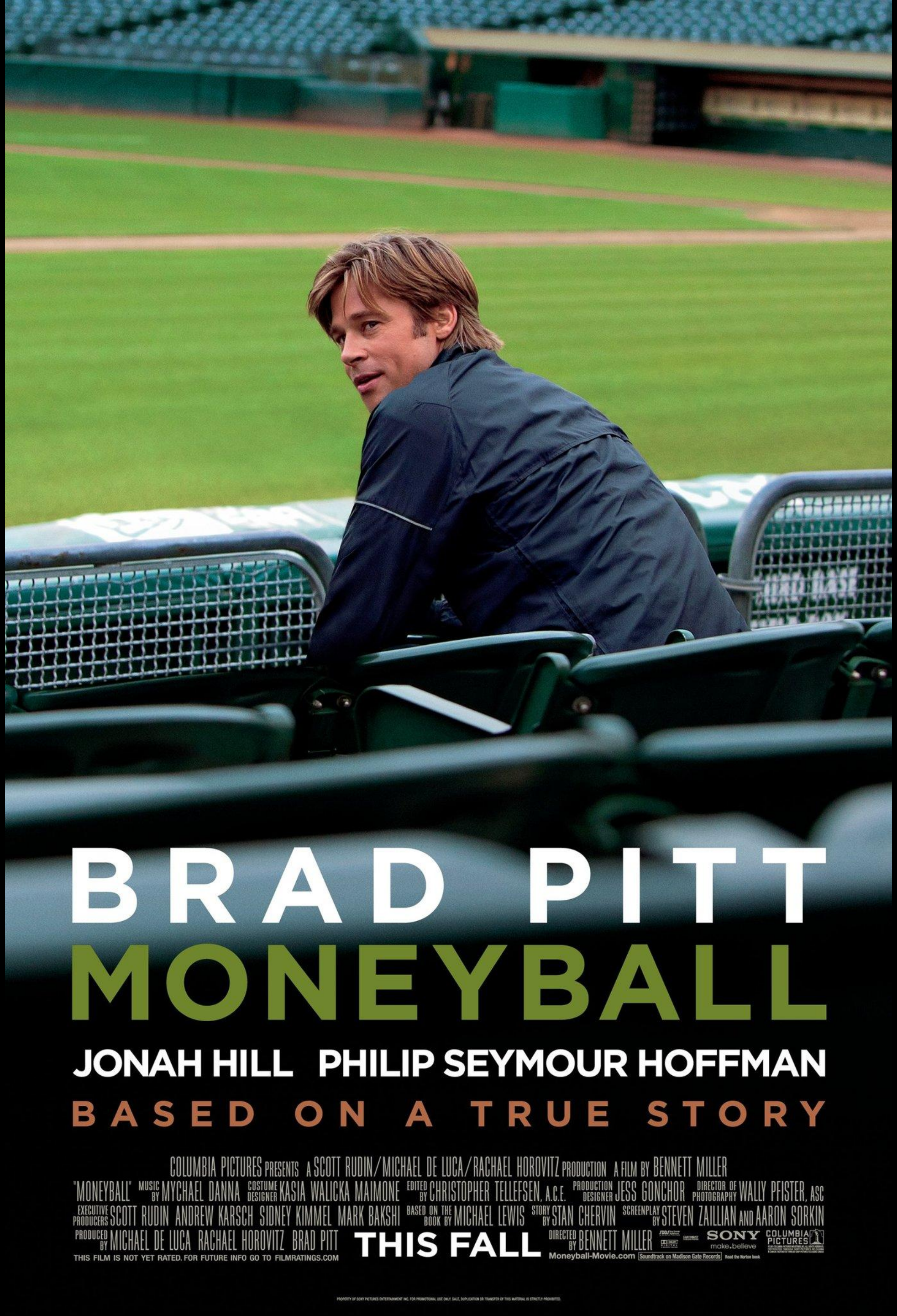
Sources: US Census Bureau & US Bureau of Labor Statistics

Wholesale Hide Prices are a Function of:

Cattle Prices

Inventory-to-Shipments

Capacity Utilization



BRAD PITT
MONEYBALL
JONAH HILL PHILIP SEYMOUR HOFFMAN
BASED ON A TRUE STORY
COLUMBIA PICTURES PRESENTS A SCOTT RUDIN/MICHAEL DE LUCA/RACHAEL HOROVITZ PRODUCTION A FILM BY BENNETT MILLER
"MONEYBALL" MUSIC BY MYCHAEL DANNA COSTUME DESIGNER KASIA WALICKA MAIMONE EDITED BY CHRISTOPHER TELLEFSEN, A.C.E. PRODUCTION DESIGNER JESS GONCHOR DIRECTOR OF PHOTOGRAPHY WALLY PFISTER, ASC
EXECUTIVE PRODUCERS SCOTT RUDIN ANDREW KARSCH SIDNEY KIMMEL MARK BAKSHI BASED ON THE BOOK BY MICHAEL LEWIS STORY BY STAN CHERVIN SCREENPLAY BY STEVEN ZAILLIAN AND AARON SORKIN
PRODUCED BY MICHAEL DE LUCA RACHAEL HOROVITZ BRAD PITT
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Wholesale Hide Prices are a Function of:

Cattle Prices

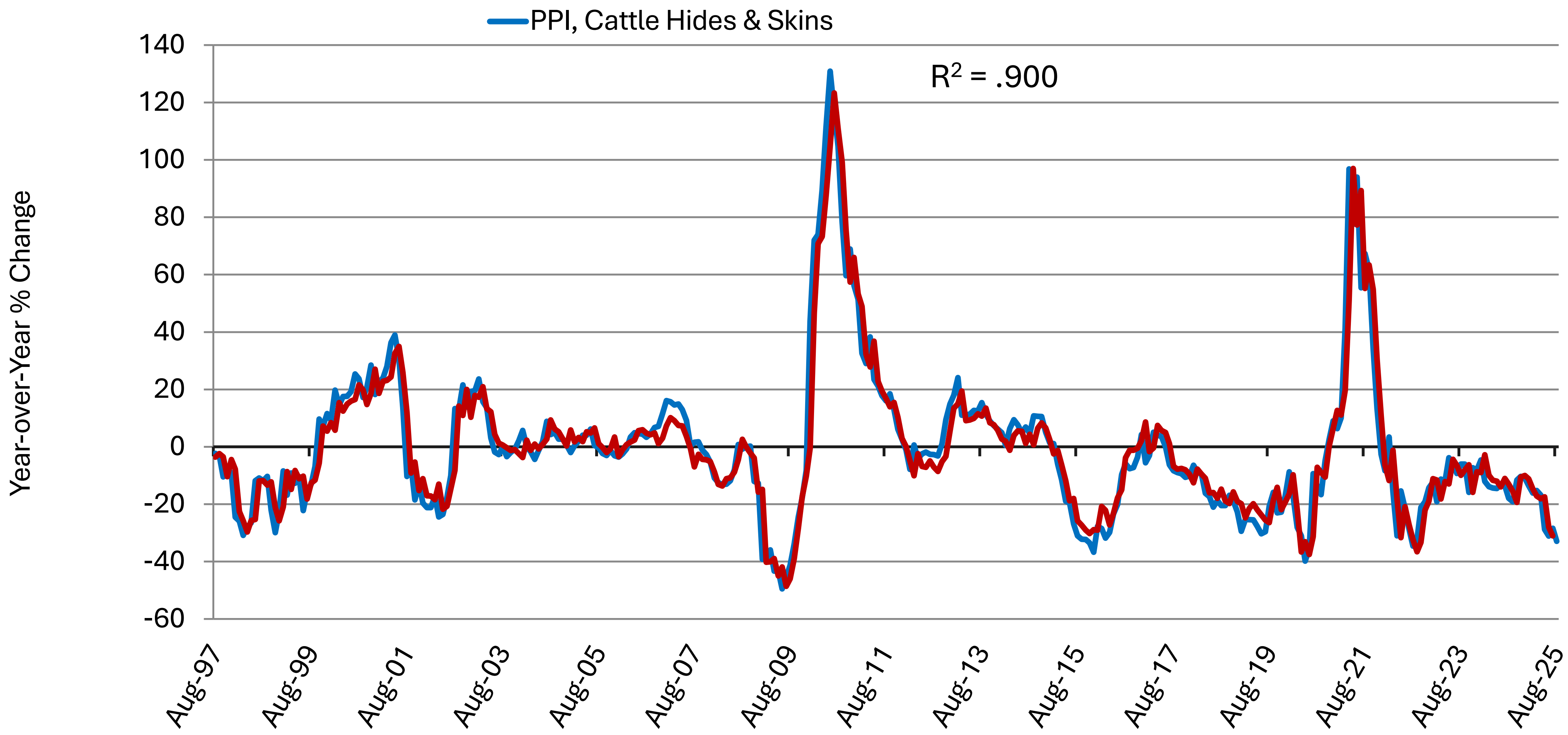
+

Inventory-to-Shipments

+

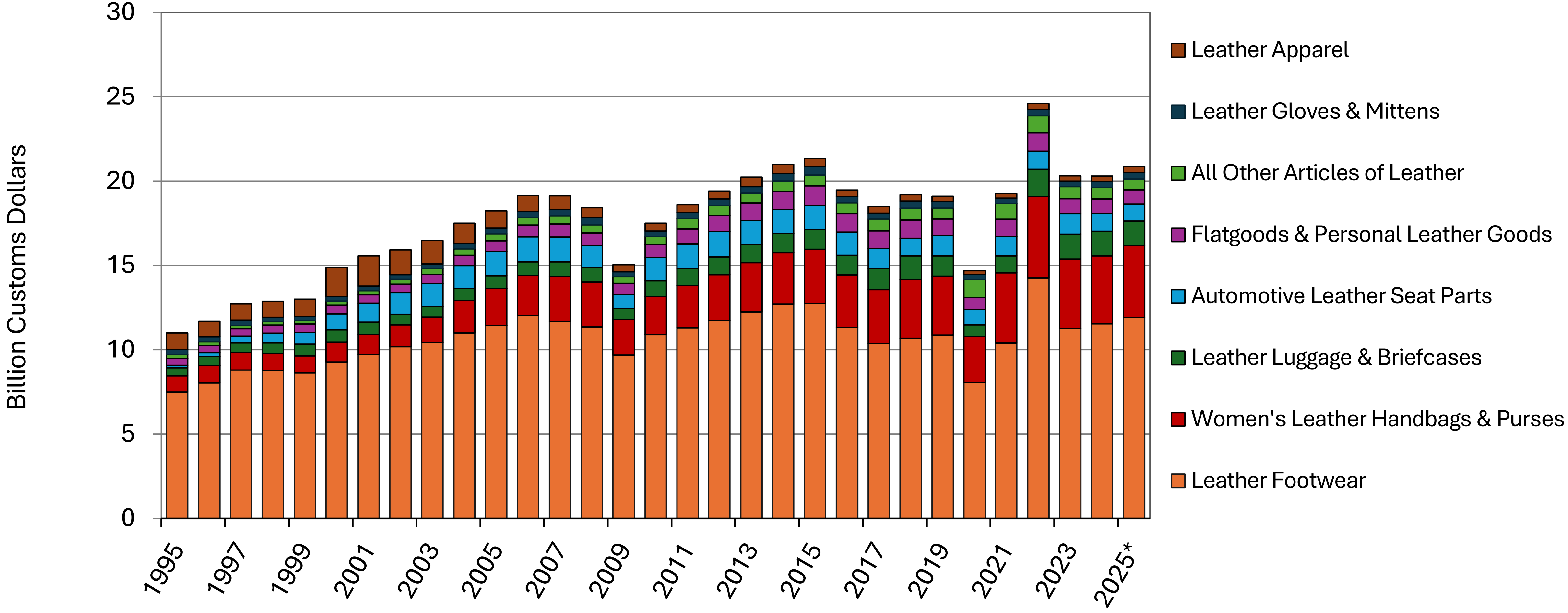
Capacity Utilization

Wholesale Prices for Cattle Hides & Skins: *Actual & Predicted*



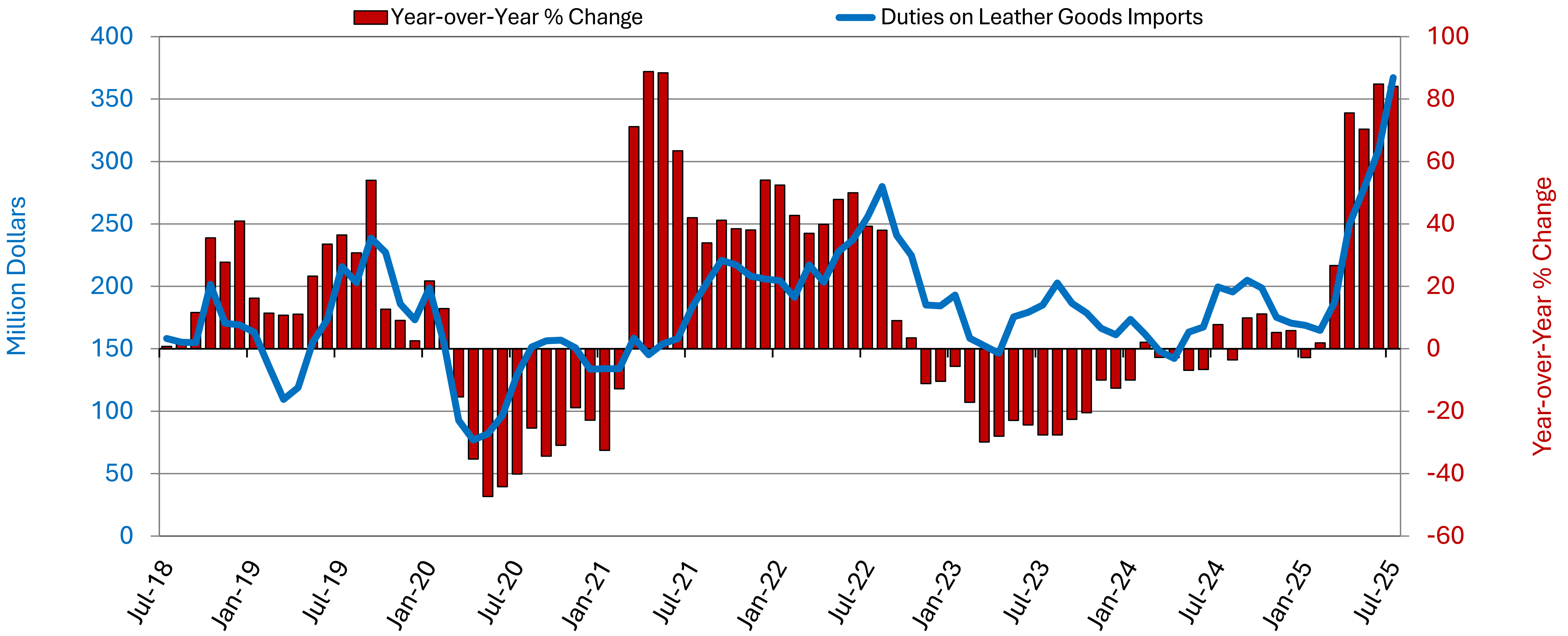
Source: US Bureau of Labor Statistics

US Imports of Leather Goods: *1995-2025*



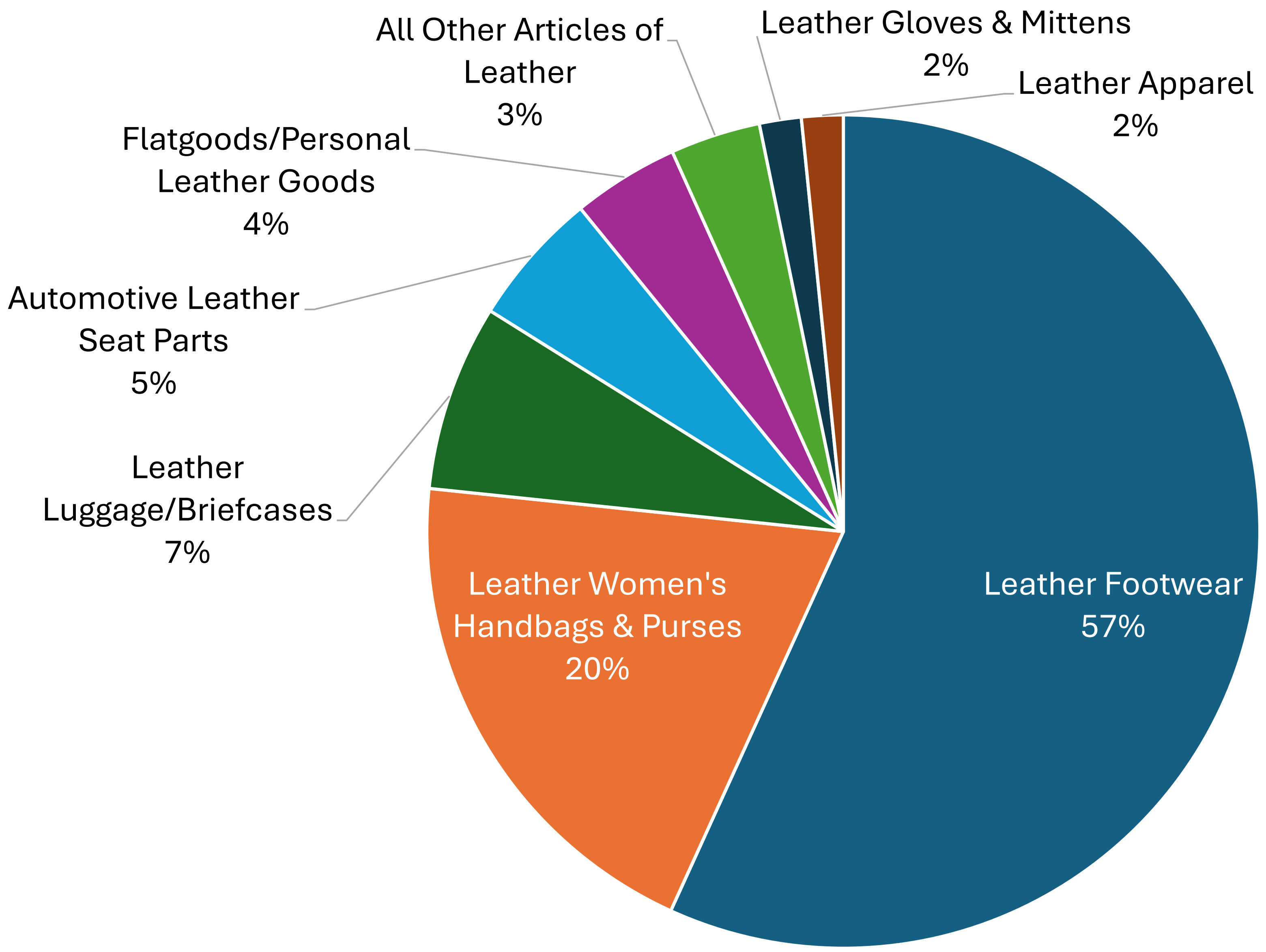
Source: USITC. * Forecasts

Duties Paid on Leather Goods Imports Soar to a Record



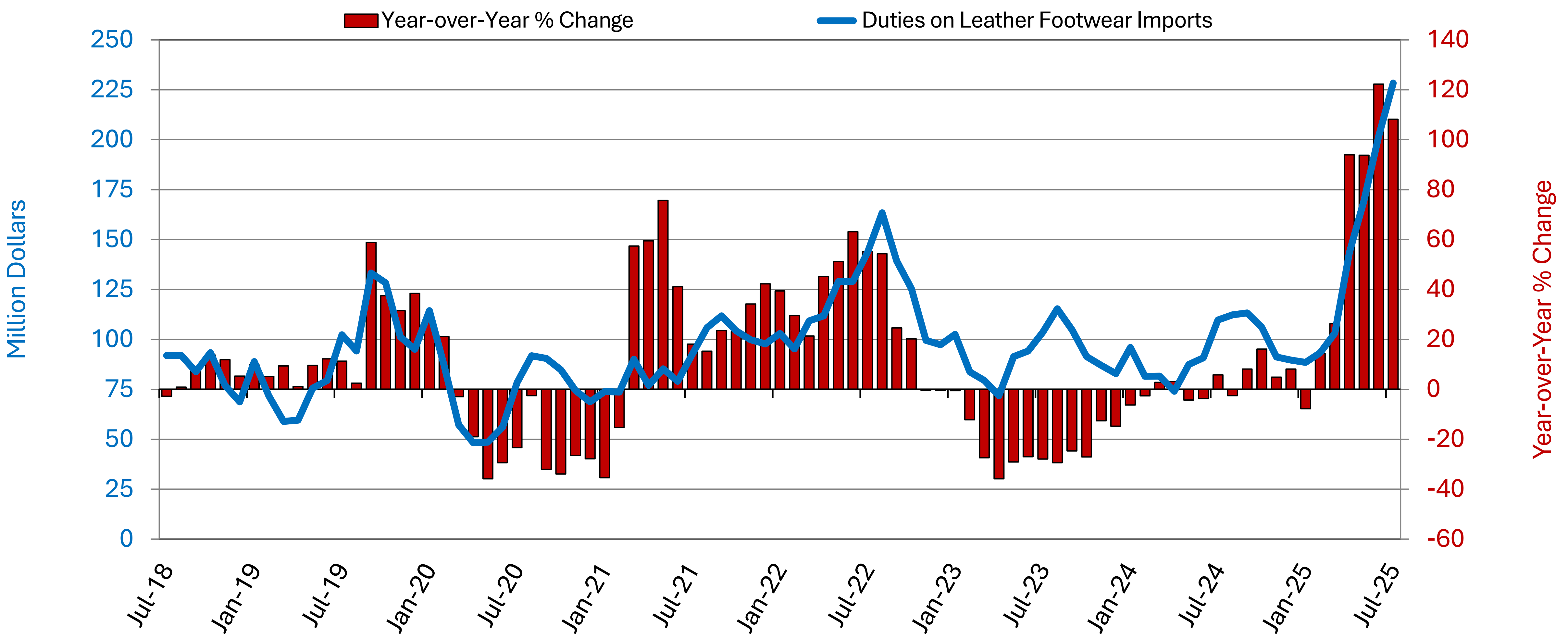
Source: USITC

Categories of Imported Leather Goods (2024, Customs $ Basis)



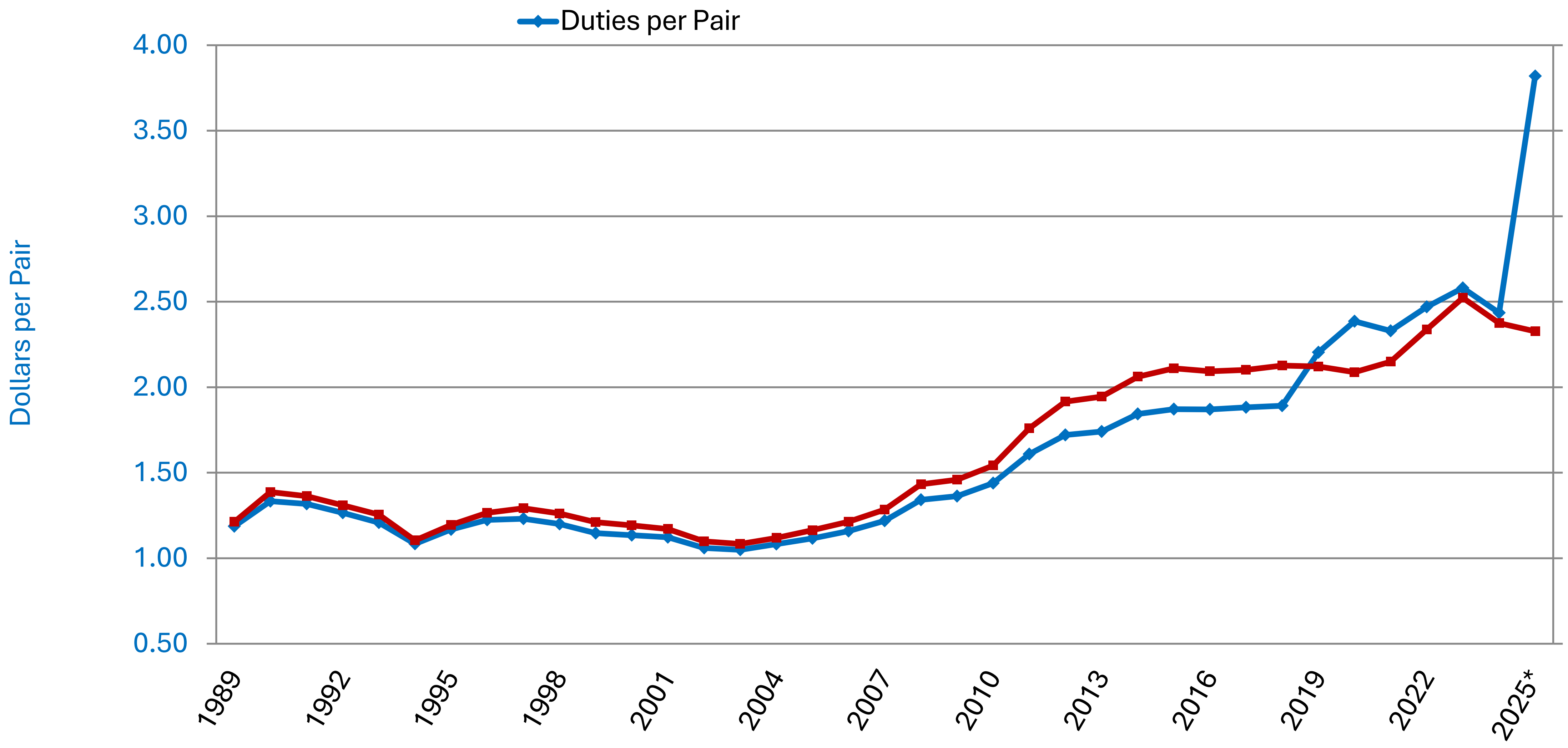
Source: USITC

Duties Paid on Imported Leather Footwear Soar to a Record



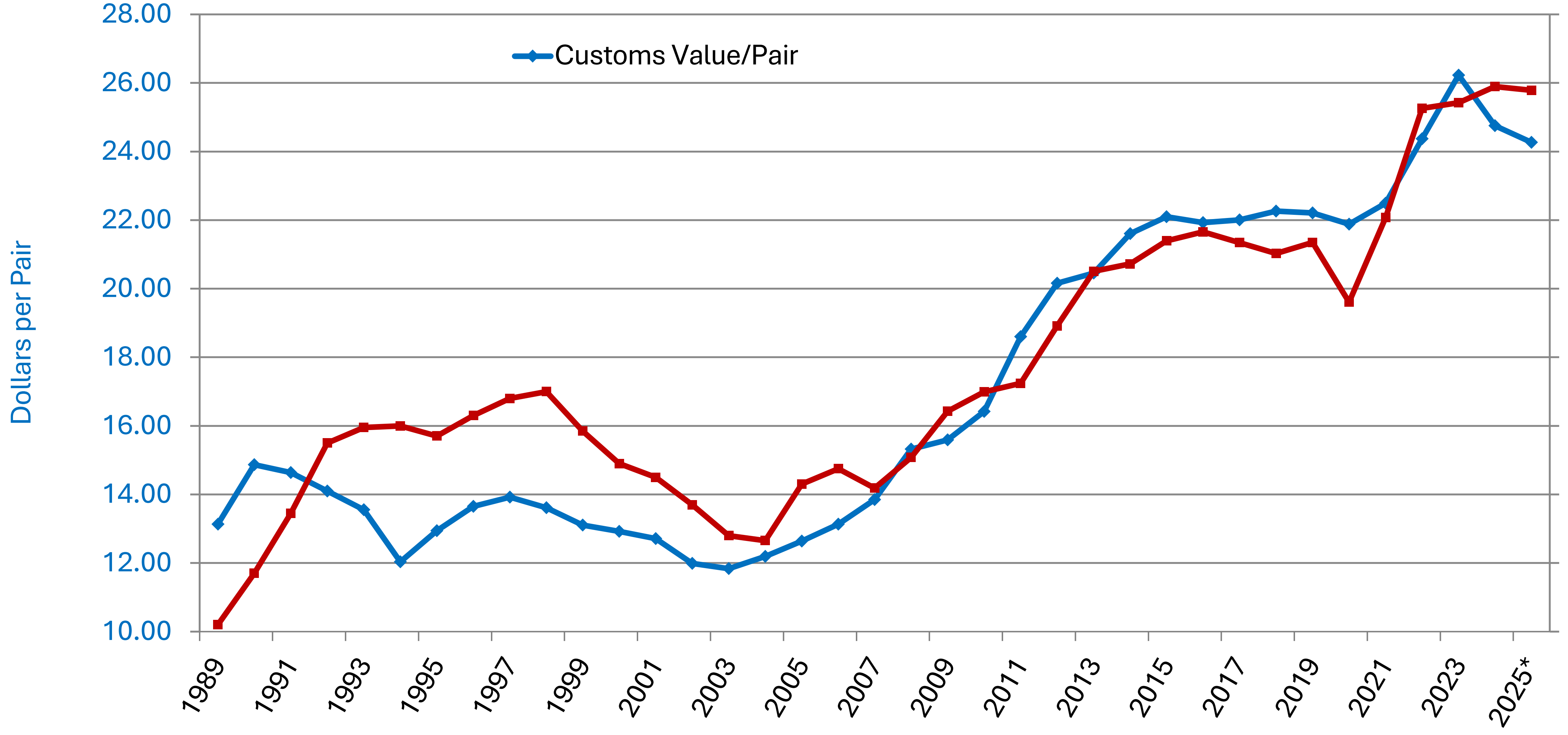
Source: USITC

Leather Footwear: Surging Duties per Pair not Pushing Average Landed Costs Higher—yet



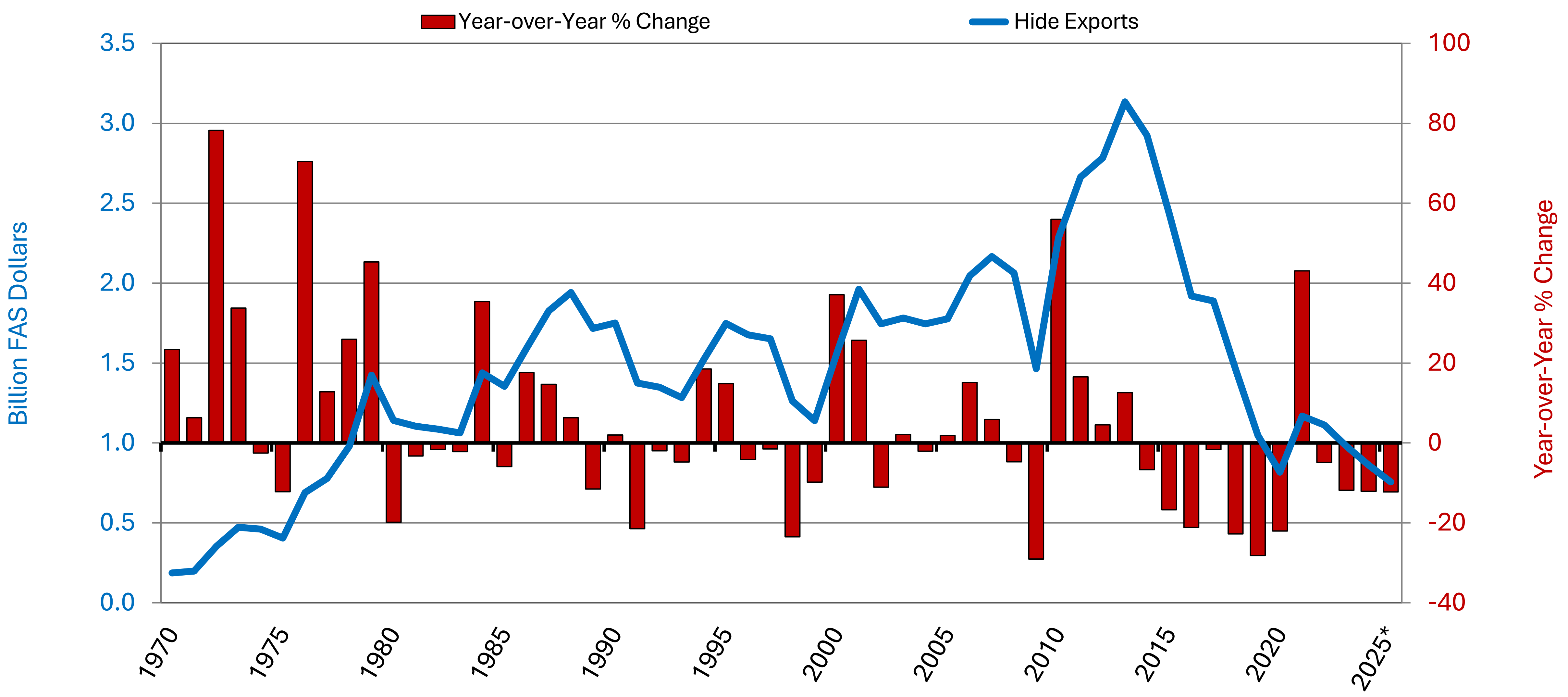
Source: USITC.

Average Landed Cost of Leather Footwear Imports



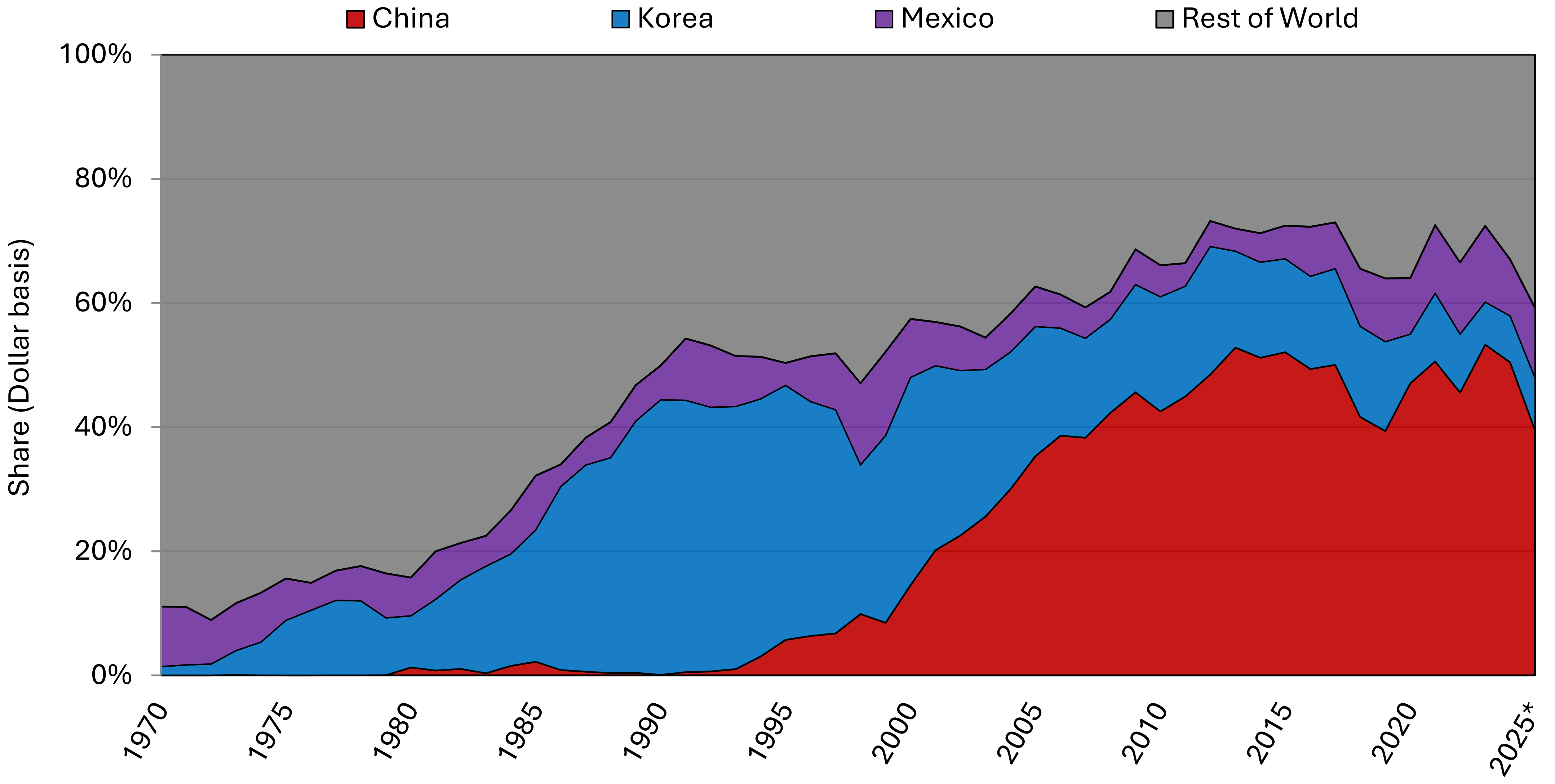
Sources: Calculations of USITC data, & US Bureau of Labor Statistics.

Value of Hide Exports Headed to Lowest in Decades



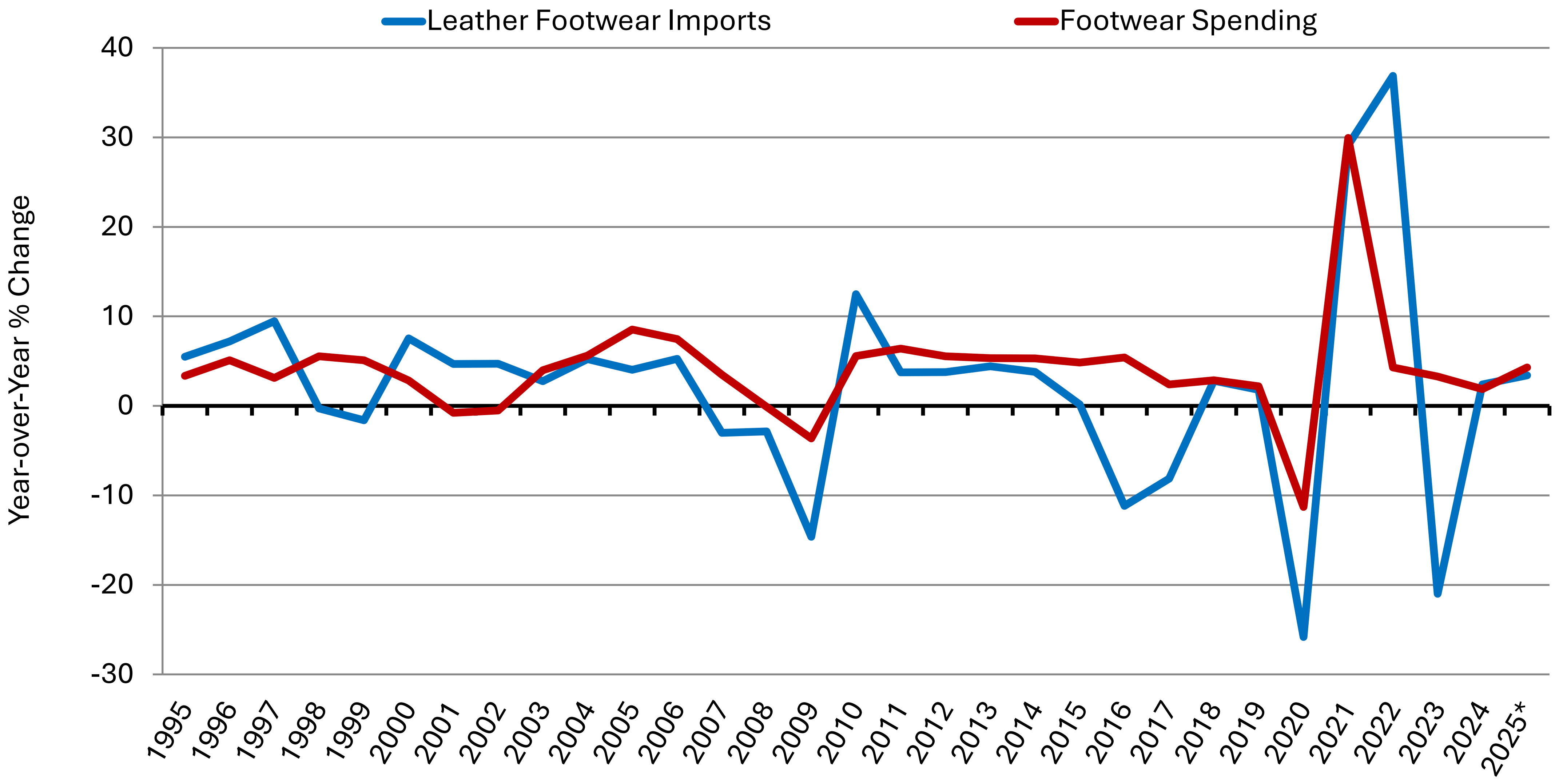
Source: USDA. * Forecast

US Hide Exports Remain Dominated by—and Dependent Upon—Demand from China



Source: USDA. * Forecast

Leather Footwear Imports & Footwear Spending Getting back to Equilibrium



Sources: U.S. Bureau of Economic Analysis & USITC. * Year-to-date through August of each respective year.

In Summary:

1. Hide price model → dependent on:
   1. Cattle prices
   2. Capacity utilization of US leather industry
   3. Inventory/shipments ratio of US leather industry
2. Supply side
   1. US leather product imports up modestly
   2. Duties paid up sharply in 2025—*after frontloading*
   3. Landed cost of leather footwear roughly flat—*for now*
   4. Annual retail price of footwear roughly flat—*for now*
3. Demand side
   1. US hide exports headed to lowest in decades
   2. Leather footwear imports returning close to parity with footwear spending—*at last!*

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Thank you!