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**ACCENTUATE THE POSITIVE**

Together they suggest that fears of a slowdown in luxury spending stemming from the U.S. subprime mortgage crisis are overdone.

"The tendency is more on the positive," Versace Chief Executive Giancarlo Di Risio said when asked whether the luxury boom of the past few years was nearing its end.

Durante said luxury goods makers would see a core profit margin at 20 percent in 2007, compared with 19 percent in 2006. She named India, China, the Middle East and Russia as the main areas of long-term growth.

But volatility in the exchange markets is weighing and Italy's fashion sector could see exports falling 7 percent at current exchange rates, said Mario Boselli of Italy's National Chamber of Fashion.

"In case of a further weakening of the dollar, with a rate of \$1.55, the fall would be 9.2 percent," he said. "But if the positive economic trend continues and companies react well, the figure could be better."

Executive also expressed concern for the dollar's weakness. A weak dollar makes European goods priced in euros more expensive in the U.S. and countries with dollar-linked currencies.

"(It) is obviously a worrying element, like expensive oil," Versace's Di Risio said.

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