

STARTUP SIM Gazette

World 2019-2021

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Q3

BUSINESS CLIMATE



The Arthur de Big Institute's forecast underestimated somewhat the growth of the chip and PC market. This particularly the case the chip market in the US and Europe where markets reached 1 percentage higher. The same goes for the PC market. Forecast of the Brazilian demand for chips and PCs, on the other hand, was right in the bull's eye.

X-index

		US	EU	BRA
Base	Q0	100	100	100
Actual	Q1	102	101	101
Actual	Q2	103	102	102
Forecast	Q3	102	104	103
Forecast	Q4	102	106	106

Y-index

Base	Q0	100	100	100
Actual	Q1	103	104	102
Actual	Q2	105	106	104
Forecast	Q3	107	110	107
Forecast	Q4	107	107	108

On the whole, La Gazette editors believe the precision of the forecast should be improved but it is good enough for a first try. And, indeed many Startup Sim readers have expressed their gratitude with this new editorial initiative that help Startup Sim companies manage their complex commercial logistics. A key concern throughout the industry is avoiding over- or under-stocking. Arthur de Big's experts can help you design a planning / budgeting system to optimize your operations. As Dr. Castello declared in Davos in 2013: "Poor planning can cause great trouble"!

EURO DOWN



The Euro is trading a bit lower this quarter against all other three currencies, US\$, the Brazilian Real and the Swiss Franc. This drift is caused by the European Central Bank decision to lower its key rate with a view to secure the current growth. It is unclear how long this policy will last. A weaker Euro is good news for the "old" continent's exporters who are battling for market shares against their US and Brazilian competitors. But the benefit goes to large EU

exporting countries. On the other hand, a depreciation of the Euro makes imports and hurt some EU countries more. So intense discussions are going on among ECB board members and the outcome is uncertain.

To/from	\$	€	Real	SF
\$		0,980	0,333	0,504
€	1,020		0,340	0,514
Real	3,001	2,942		1,512
CHF	1,985	1,946	0,661	

MANUFACTURING COSTS KEEP RISING



The solid growth in the Startup Sim value chain is hitting the wall of limited resources, assets as well as qualified staff, with the resulting tension on input prices. Only in the US are factory acquisition costs stable, elsewhere they increase one percentage point. Variable manufacturing point is going up 1% in all three regions.

X and Y cost	Q1	Q2	Q3
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US			
Factory acquisition cost	100	100	100
Variable manufacturing cost	100	102	103

EU			
Factory acquisition cost	100	100	100
Variable manufacturing cost	100	102	104

BR			
Factory acquisition cost	100	102	107
Variable manufacturing	100	103	106

cost			
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The manufacturing cost of your PC plants does include the component costs of the chips. The cost of the component chips appears immediately before the slash / in the PC manufacturing cost account on the MIS output. Total PC cost comes after the slash. The default price for the chips is their average inventory cost.

PRICING NOTE



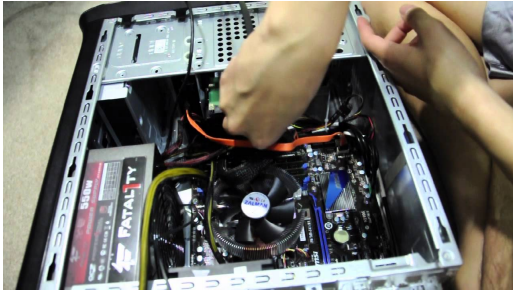
Remember that due to the introductory resistance in Q1 and Q2, you will be able to sell a bit more at the same price in Q3 – other circumstances equal (other companies maintaining or raising their prices, an equal number of companies marketing, etc.).

ECB LOWERS ITS KEY RATE WHILE THE CENTRAL BANK OF SWITZERLAND GOES OPPOSITE



Following ECB's decision to lower its key rate, all rates on loans and securities follow suite in Europe. In Bern, the Central Bank of Switzerland, on the contrary pushes rates higher making the Swiss Francs rise so more.

HOBBYISTS JOIN NERDS IN US



The latest fad in the US is assembling your own computer! The chips are flying! This fad was unexpected by our Economic Index and thus was not included in the Index. Analysts think the fad will last through Q3 and Q4. Consumer chip demand is expected to increase about 5 percent each Quarter. By Q5, things should be back to normal.

US BANKING CRISIS



Scandals after scandals in the US financial market are affecting the credibility of US banks. Regional banks are under tighter scrutiny from the regulator resulting in a severe tightening of area bank lending policies. From Q3 on your borrowing capacity for Area Bank Loans in the US will be less than one half (40 %) of your working capital in the Q before the one in which you seek the loan, even as interest rates stay at the same level due to the Fed active monetary policy to keep the US economic engine humming.

STOCKOUT AND DEMAND

ANALYSIS



Doubtless at least one executive on your team will engage in continuous demand analysis. If a company marketing two models stocks out of one, some of the demand for the stocked-out model will shift to the other model. Most, however, will go to competitors.

Note that *goodwill loss* only affects companies completely stocking out of inventory. If you are selling two models, there is no such loss unless you stock out of both. The goodwill loss shows up in the sales the following Quarter.

NIPPON EXIT B2C MARKET



Nippon's CEO announce a strategic exit from the consumer market in all areas and for the foreseeable future: "the markets are not attractive anymore, we may come back if prices rise sufficiently".