

thyssenkrupp Manager Cup 2018

Economic Forecast Period 4 (Main Round)

General economic data

Luckily, the weakened economic momentum of the US has been well served by intensified international trade relations of other countries such as India, Canada, Mexico or even countries from Eastern Europe. Thus, there is again a certain improvement in the economic situation compared to the previous period.

- According to a major economic research institute, GDP is now growing at around 3-4%.
- As a result, the price level (inflation rate) is picking up again - presumably by 2 percentage points.
- The slightly higher labor demand increases the bargaining power of well-qualified workers in salary negotiations, resulting in higher wages and salaries in most industries.

Branch news

The higher wages and salaries ensure that the population again has more budget available for special purchases. The domestic market for E-BIKES is therefore expected to return to a comparable level as in the penultimate period. As usual, especially providers with a good price-performance ratio will be very popular with customers.

Market II:

The market II is also developing positively. The E-BIKES are very popular abroad, so that even doubling the total volume could be in the range of the possible. However, those competitors who decided to export abroad also need to be aware that the export of E-BIKES to this market is significantly more expensive due to a new special levy specifically targeted at emission-intensive logistics service providers becomes. Instead of 75 EUR now transport costs in the amount of 100 EUR per bike are to be borne.

As the global economy is concerned, the exchange rate must always be kept in mind when servicing Market II. As regards the pricing policy in the foreign market, it should be remembered that the exchange rate ER is now at $ER = 8 \frac{FCU}{EUR}$

Leasing:

The company „Westfälische Leasing GmbH“ offers to lend you the "Type B" production facilities under the name "Type C" by means of leasing. It follows scope for so-called "sale-and-lease-back" measures.

Type	price (MEUR)	running time (periods)	normale capacity (units/ period)	Other fixed-cost (MEUR/ period)	Environmental index	rest proceeds (% of residual book value)
A	20	10	16.000	0,4	100,0	20,0
B	24	10	20.000	1,8	106,0	25,0
C	0	10	20.000	5,0 (Leasing fee)	106,0	0

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Financing:

The Financial Services Authority has imposed additional security requirements on the banks. This leads to higher internal costs in the banking sector. Increased interest rates on overdrafts try to pass on some of these costs to the clientele. The overdraft facility base rate for bridging unplanned liquidity bottlenecks increases from 8% to 10%.

Process optimization:

With the help of projects for process optimization, the workflows in production can become more efficient designed to increase employee productivity. However, such projects also increase absenteeism (as a result of the higher workload on employees).

Environmental engineering:

Furthermore, it is now possible to invest in environmental technology (sewage treatment plant, dust filter, etc.). This can be used to optimize the environmental index. By contrast, the environmental index of production facilities can only be improved by replacing machines. The environmental impact indicator of a company has a direct impact on the following factors: sales, lost time of manufacturing personnel, corporate image, share price. Tip: You can assume the following approximate values: 1.5 MEUR bring 1 point improvement / 2.5 MEUR 2 points / 10 MEUR 3.5 points / 15 MEUR 6 points.

The following values have changed:

		Period 3	Period 4
Inflation index		100	102
Transport costs Market II	EUR	75	100
Exchange rate	FCU/EUR	5	8
Interest rate Overdraft	%	8	10