

A russian market perspective

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currency market. Russian Central Bank put up the refinancing rate to 18% when the rate of dollar increased by two times. It was done "to stop currency speculations".

I think it was the peak of panic, when people and companies spent all free cash to buy currency in banks. After that, the rate of ruble went down and now it is about 70% of the peak level.

So all who bought currency in the

Russian electronic components market dropped by **17%** in the first quarter of 2015 comparing to fourth quarter 2014. It was about minus 12% comparing to first quarter 2014 in dollars estimates.

The main reason is the reduction of state, corporate and consumer expenses. Another one is lack of cash in the industry.

"In the first quarter 2015 the government decided to cut ruble budgets"

Russian industry achieved cost advantages due to ruble devaluation at the end of 2014. We expected import replacement in the end-products markets. But industry needs stable demand in rubles for import replacement. Moreover, industry need more financial resources in rubles to provide purchase for import components and materials. Unfortunately, the lobby of banks was stronger than lobby of industry in Russia. Government gave banks finance resources "to support financial system" and unfortunately allowed them to play and earn in the

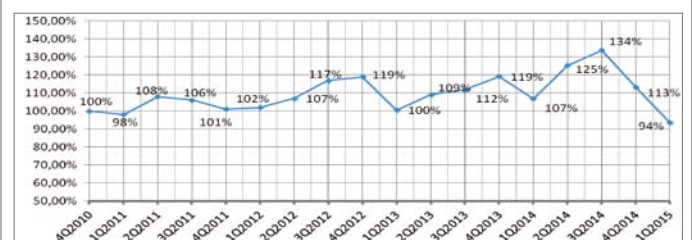
end of 2014 lost money. Banks earned money certainly. Industry faced with lack of credit resources because credit rate in commercial banks was over 25%.

In the first quarter 2015 the government decided to cut ruble budgets and they delayed some payments for investment projects.

Corporations saw it and delayed expenses for investment projects as well. So electronics industry faced with lack of orders and current payments in the first quarter. Minus 12% is not bad result in these economic conditions. The demand started recovering in March and continued in April. We hope the worst time is in the past.

QUARTERLY MONITORING OF RUSSIAN DISTRIBUTORS SALES

Chart 1



A busy year ahead in South Africa

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Dear Readers,

Another busy year lays ahead for arei. 2015 will see the exhibition of the electronics exhibition in the coastal region of Kwa Zulu Natal this year and is proudly hosted in conjunction with NEW in the UK. Then following shortly afterwards, arei will be endorsing the manufacturing indaba in June in Johannesburg as well. With all the buzz and excitement of these events we sincerely hope it stimulates growth and activity that will yield a brighter economic outlook for the electronics industry in 2015! Returning back to South Africa for the second regional event **National**

"AREI will be endorsing the manufacturing indaba in June in Johannesburg"

Electronics AREI (formerly ADEC) Expo has chosen the hub of Durban to run their one day event on **20th May** at **Moses Mabhida Stadium**. With a wealth of industry capabilities within the area and strong focus on Automotive, Medical, Security and IT, exhibitors can look forward to meeting a high level of visitors to network and engage with.

Visitors will benefit from being able to meet global suppliers showing international products and services, offering new ways of working smarter and more effectively and helping customers improve productivity.

Companies signed up so far include **Avnet Kopp, Panasonic, National Instruments, EDA, TRXE, Hamamatsu, Microchip, Truth Electronics, Osram** and many more. Registering for the event is free and for all Rugby fans there is a great opportunity to see the Stadium and join exhibitors for the networking event. To pre-register visit our website <http://www.new-expo.co.uk/news>

"Another busy year lays ahead for arei"

Make sure you put the 20th May 2015 in your diary as if you have an interest in Electronics and manufacturing then you need to be at National Electronics AREI Expo. We look forward to seeing you in Durban.

