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Q&A with Tim Rokossa

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We are launching 'Q&A with' – a series of concise interviews with our research analysts shedding light on the issues driving the world of economics and finance. We kick off with Tim Rokossa who is the Head of German Research as well as the global coordinator of Deutsche Bank's automotive research product.

Q: How will the war in Ukraine impact the European automotive sector?

A: Automotive is truly a global sector. Supply chains span the planet with the products sold in most countries. While direct exposure to Russia is relatively low (around 2-3% for both sales and production), disruption to supply chains affects production. For example, many OEMs have imposed stop days due to missing wiring harnesses from Ukraine. This is coupled with rising raw material prices and potential shortages as Russia is a key export hub. Nonetheless, industry executives seem optimistic the sector can manage the impact.

Q: What was the message from German auto CFOs at your roadshow?

A: Overall, it was reassuring. There appears to be no visible slowdown in order intake with semiconductor supply still the main limitation. Consumer demand, especially from the large profit pools in China and North America, remains robust. Eastern Europe is also holding up well and slowing demand from that region could be mitigated by other markets, possibly even reducing long lead times. Many all-electric models have already sold out this year.

Q: The European automotive sector is cyclical. You believe that may improve – why?

A: Auto sales depend on economic conditions and people's willingness to spend their disposable income on cars. But in contrast to other downturns, the supply chain has capped demand in the past few years. We believe the pent-up demand should support a prolonged strong pricing environment. Premium OEMs also have balanced regional exposure and structural factors have less impact on purchasing decisions. There are further benefits from an emphasis on better pricing and inventory control, helped by the roll out of agency models and changes to incentive systems. These factors are improving sector dynamics.



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Clients of Deutsche Bank Research can access more here:

- [Global Automotive: Thoughts on the Russia/Ukraine war and impacts on the Automotive Industry](#)
- [DB Global Automotive: Thoughts on the war and impacts on the Automotive Industry; Part III](#)
- [Volkswagen AG: All you need to know about VW's full year](#)
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