



***PERSPECTIVES ON THE
ECONOMIC AND AUTOMOTIVE OUTLOOK***

***FEDERAL RESERVE BANK OF CHICAGO
SEVENTEENTH ANNUAL AUTOMOTIVE OUTLOOK SYMPOSIUM***

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Chief Economist
June 4, 2010**

FORBES MAGAZINE AUGUST 21, 1920



Best-Kept Plants in America

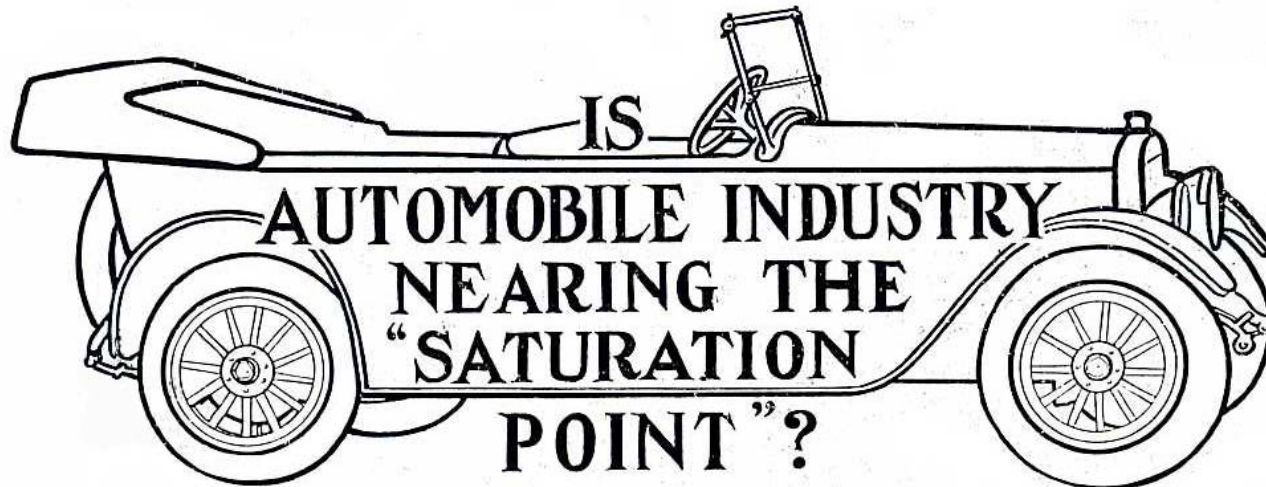
FORBES

August 21, 1920

Published Every Two Weeks
B. C. Forbes, Editor

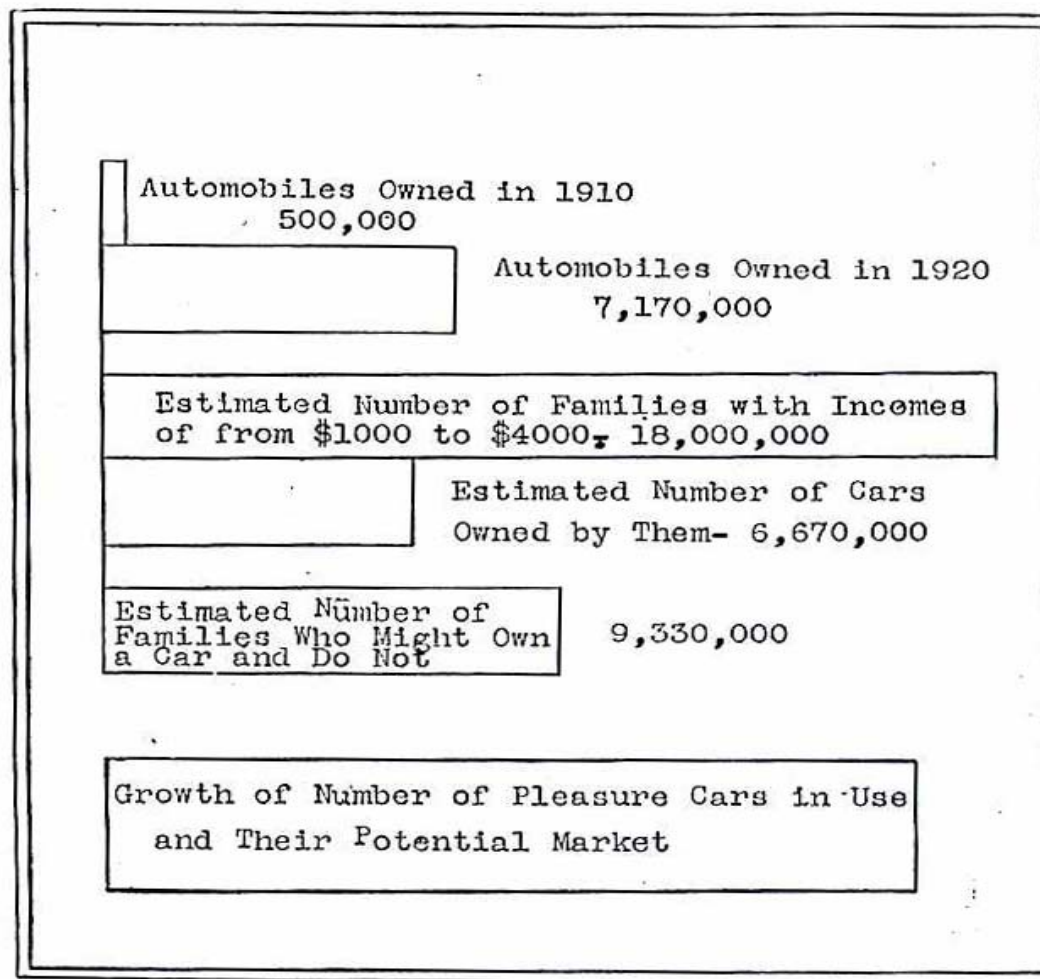
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HOW MANY PEOPLE CAN BUY AUTOS?





HOW MANY PEOPLE CAN BUY AUTOS?





KEY TOPICS TODAY

Short-Term Outlook

- **Vehicle Sales**
- **Auto Finance**

Long-Term Outlook

- **Industry Volume Growth Drivers**
 - **Driving Age Population**
 - **GDP per Capita**

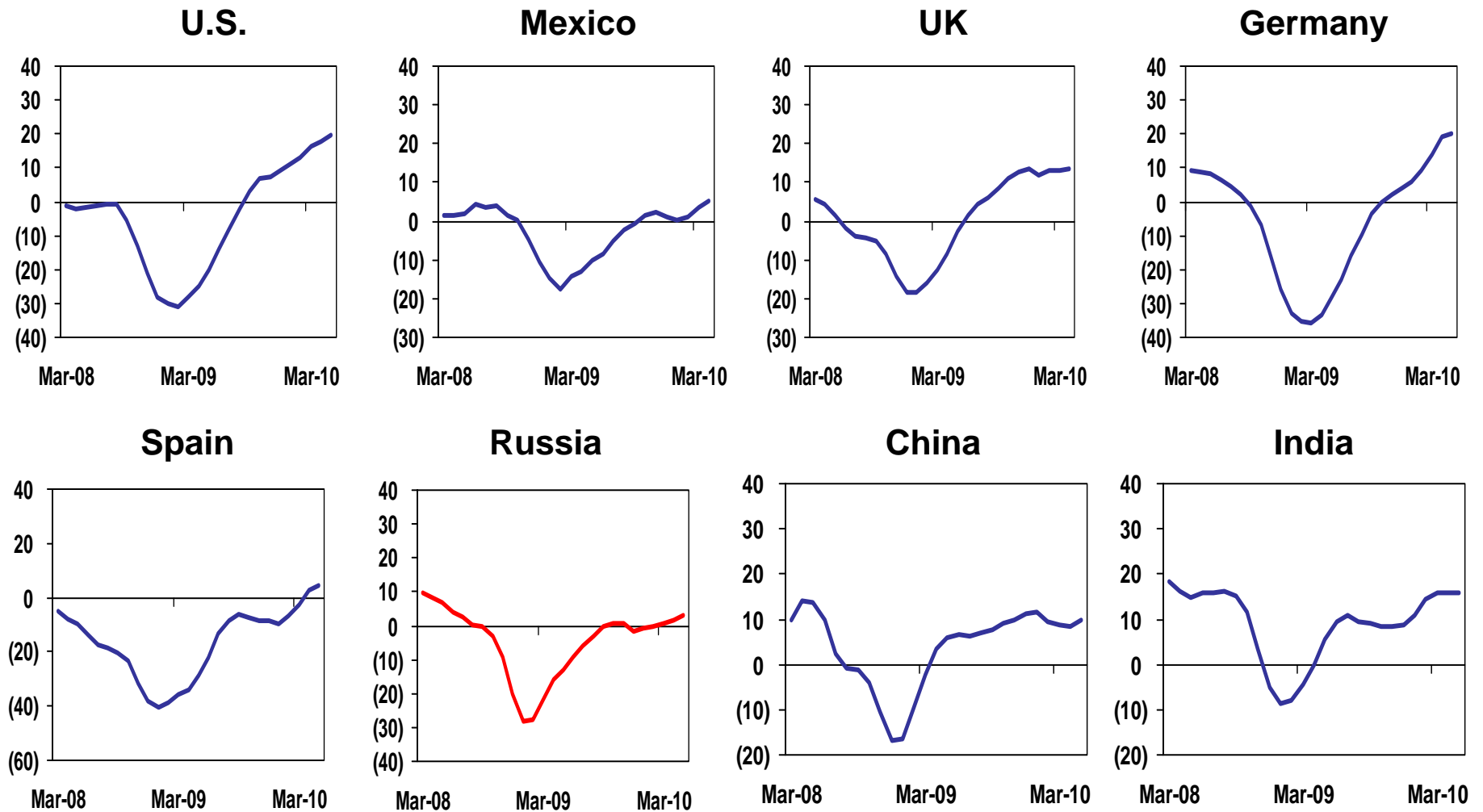


SHORT-TERM OUTLOOK



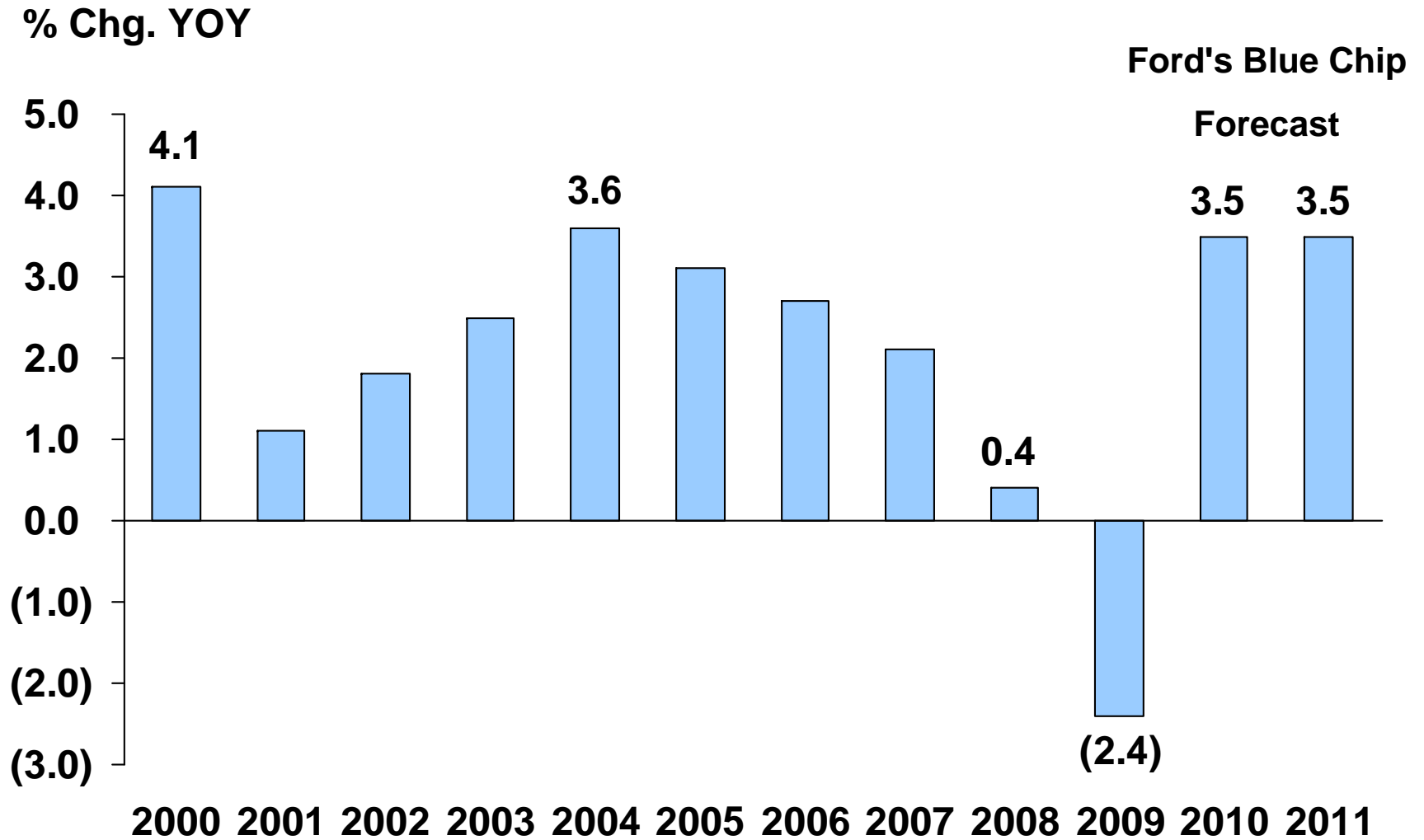
SIGNS OF GLOBAL RECOVERY

Purchasing Managers' Indexes

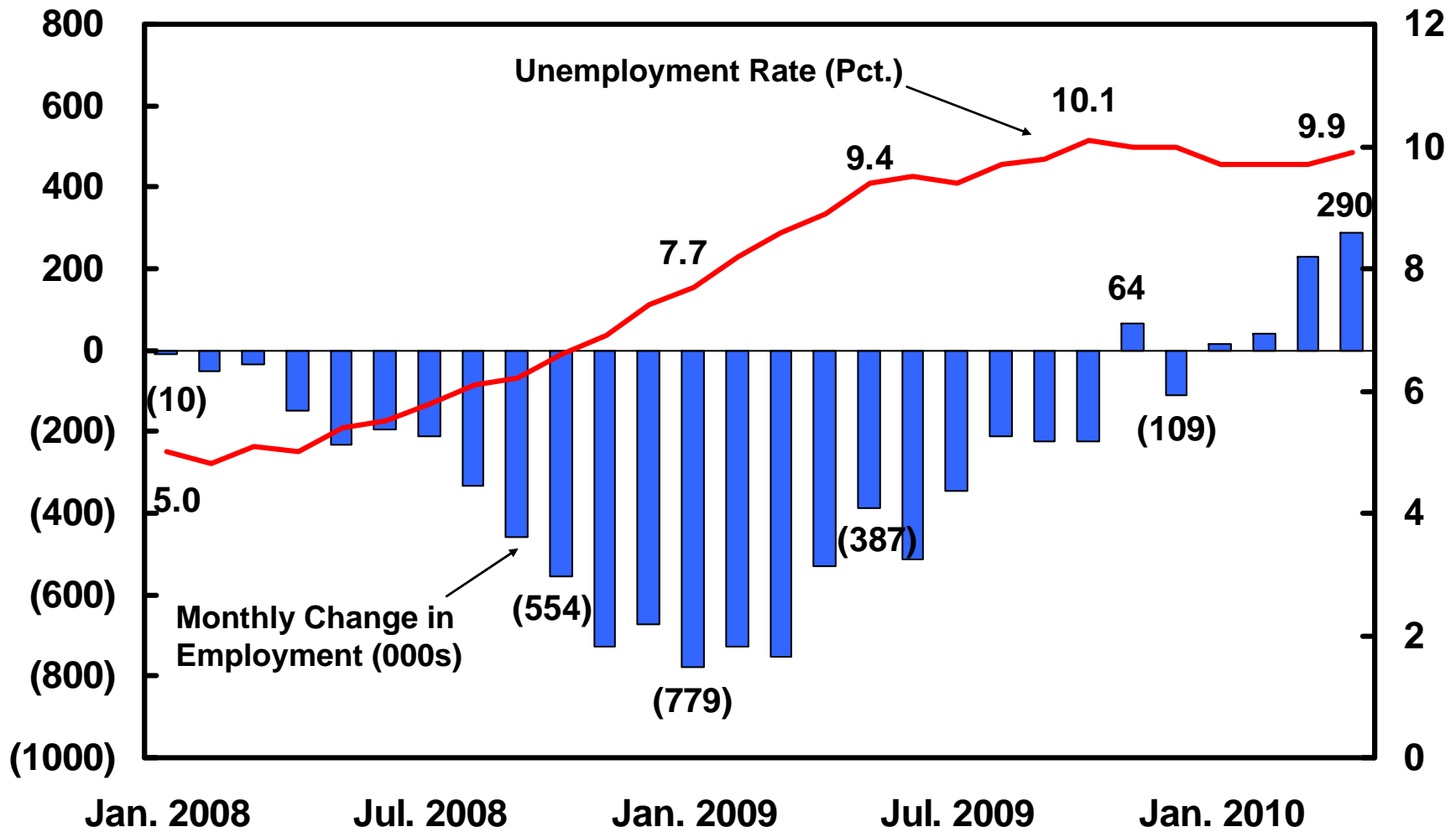


Note: PMI index based on a 3-month moving average; Manufacturing PMIs (UK is Service Sector PMI)

U.S. GDP GROWTH



U.S. EMPLOYMENT

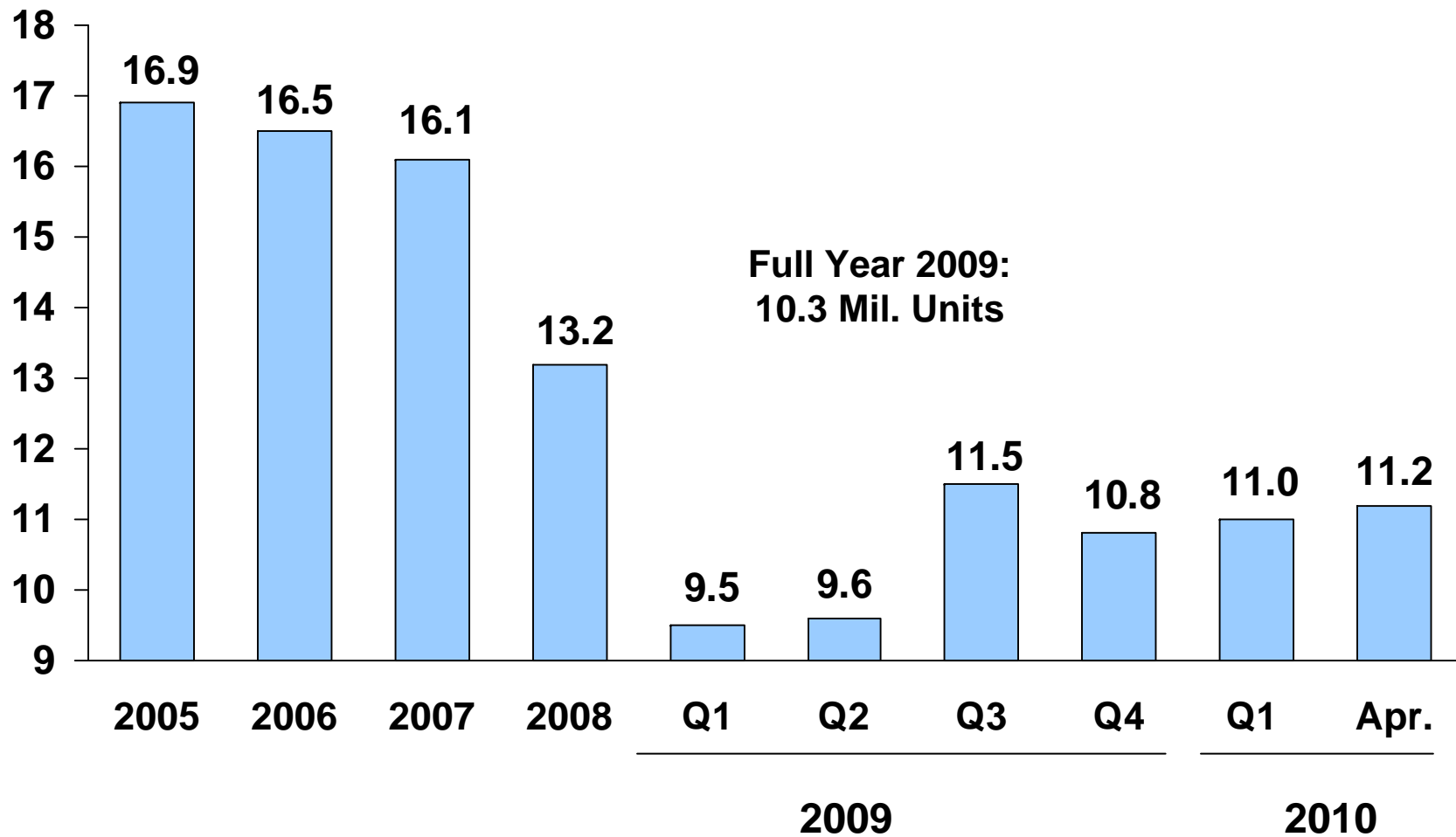




U.S. LIGHT NEW VEHICLE SALES

Vehicle sales pace improving gradually

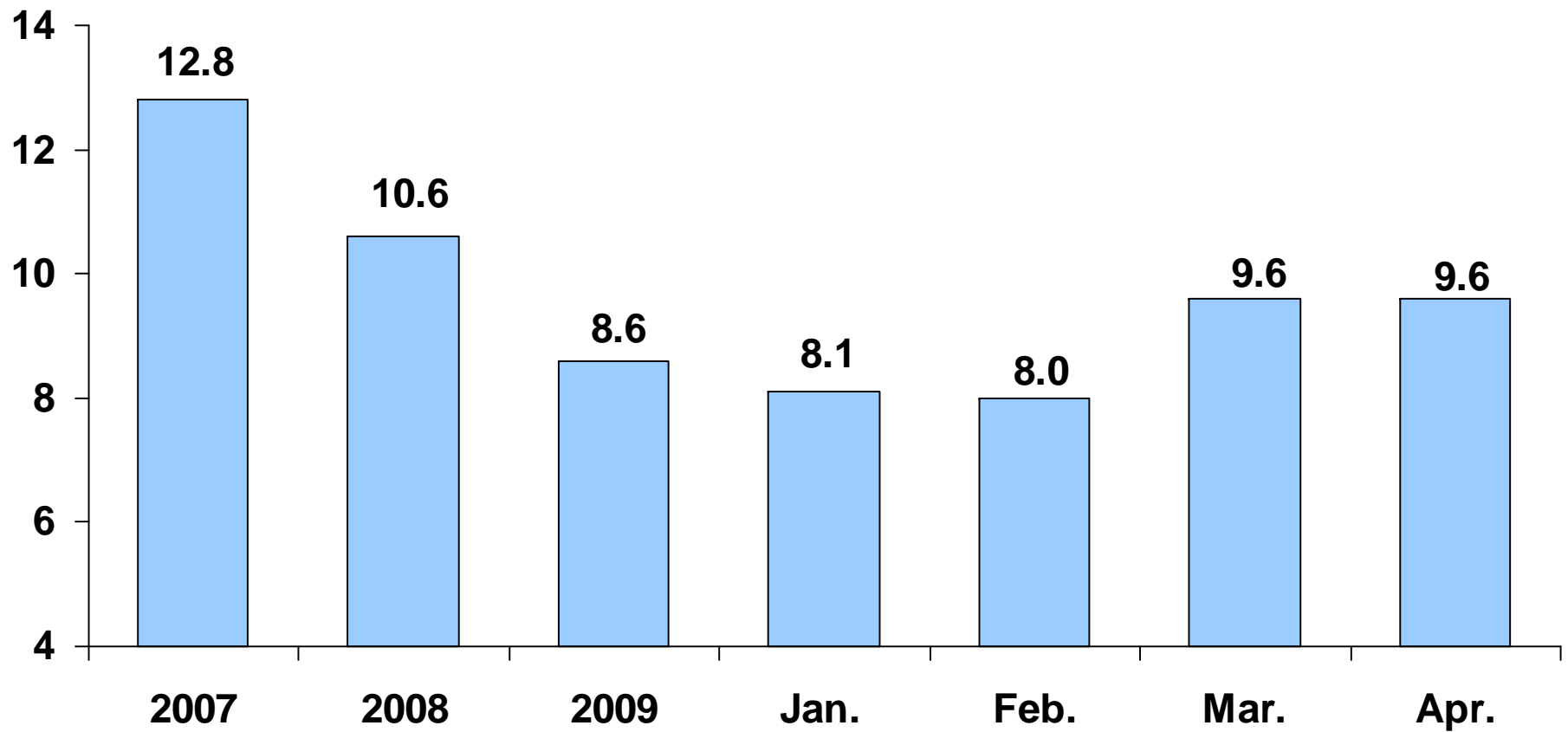
Mil. Units SAAR





U.S. NEW RETAIL SALES

Mil. Units SAAR



Source: J.D. Power and Associates (05/27/10)

2010

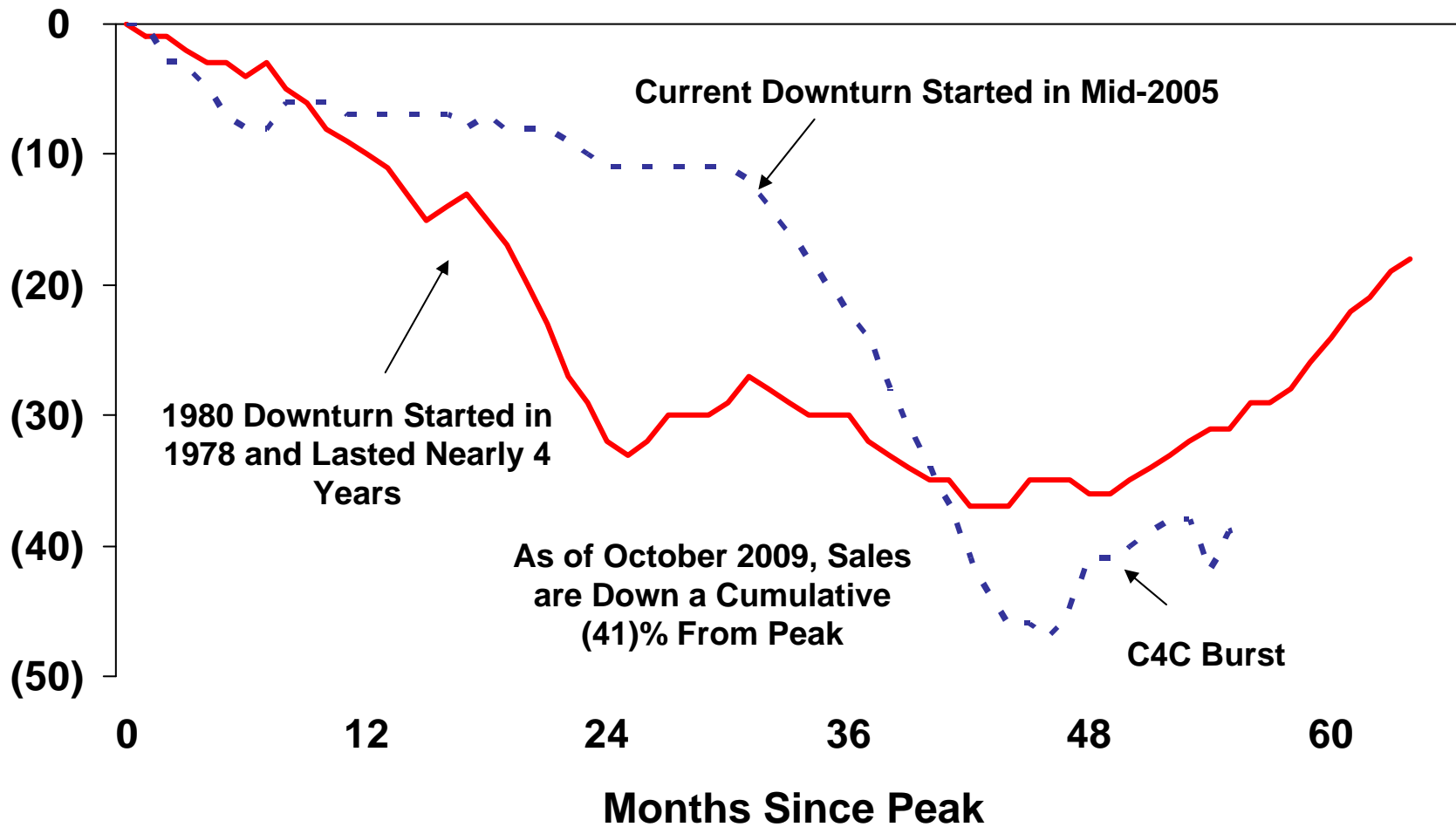
SLIDE 9



TOTAL VEHICLE SALES DOWNTURN

Early 1980s Downturn Compared to Today

Cumulative % Chg. From Peak

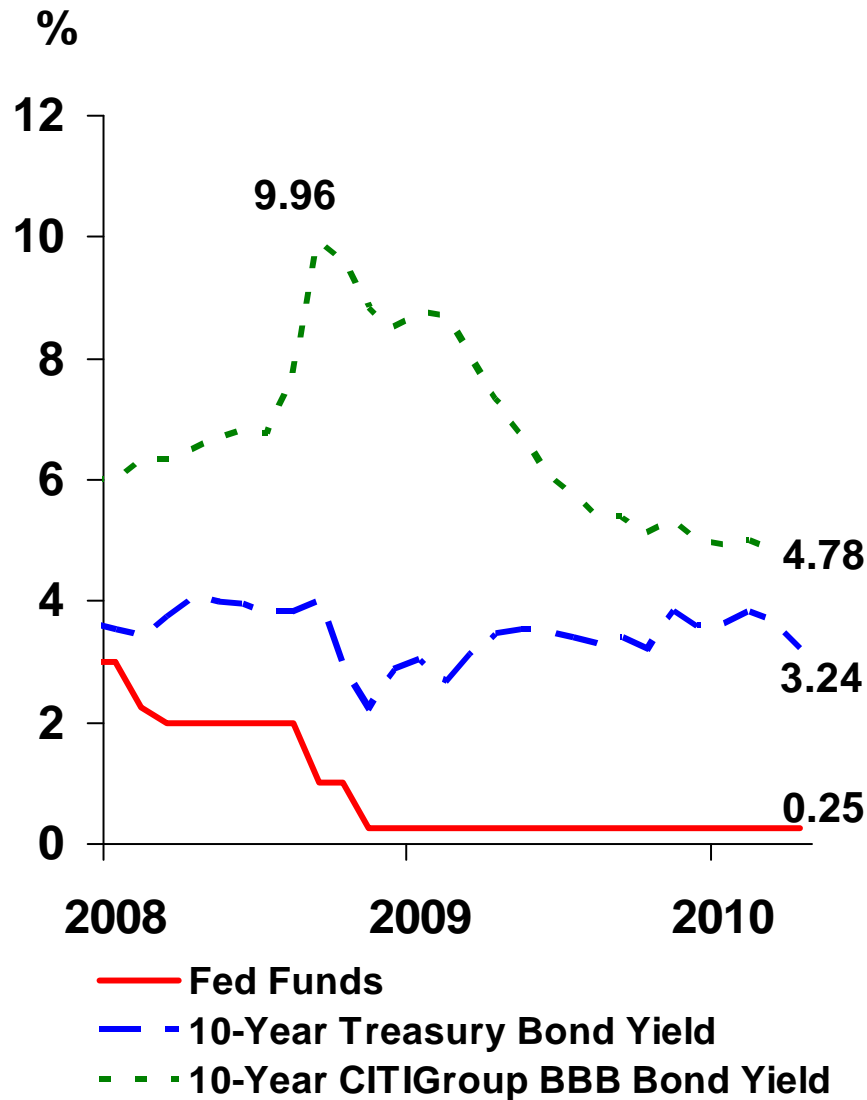


Based on 6-Month Moving Average

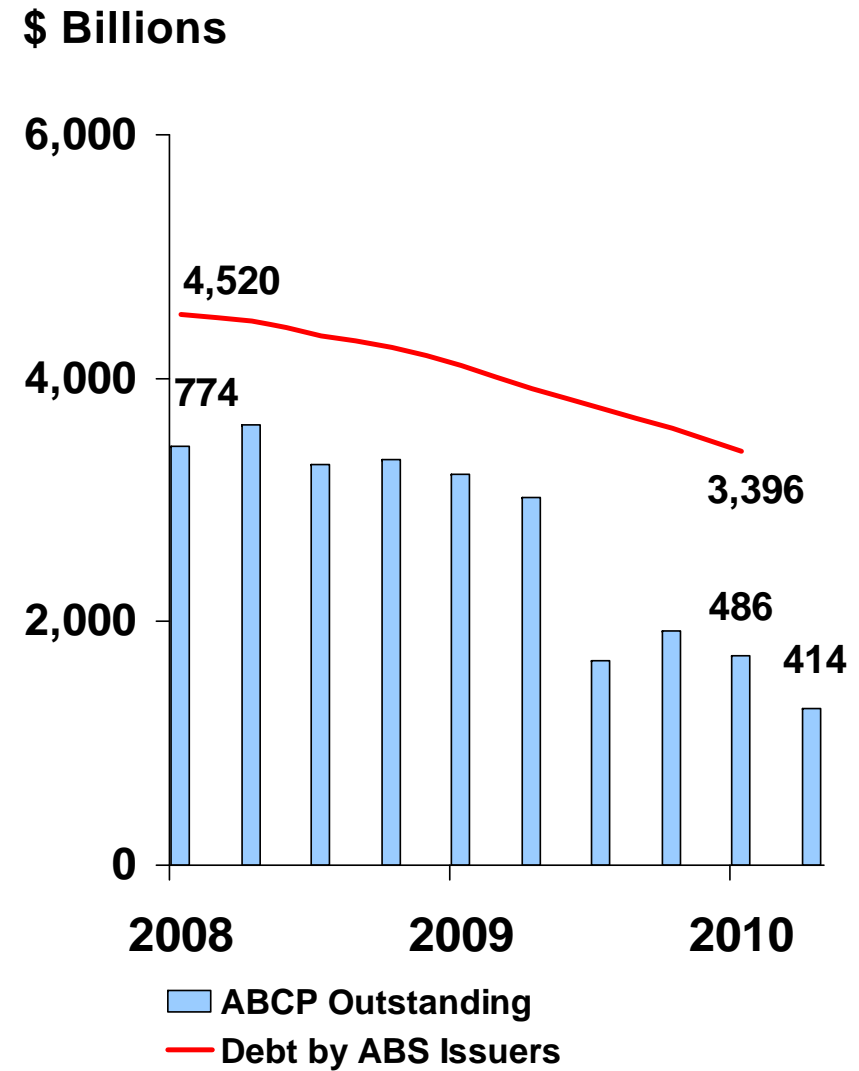
U.S. FINANCIAL MARKET INDICATORS



Interest Rates



Asset-Backed Securities Market



* Latest as of March 5, 2010

U.S. CREDIT MARKET CONDITIONS



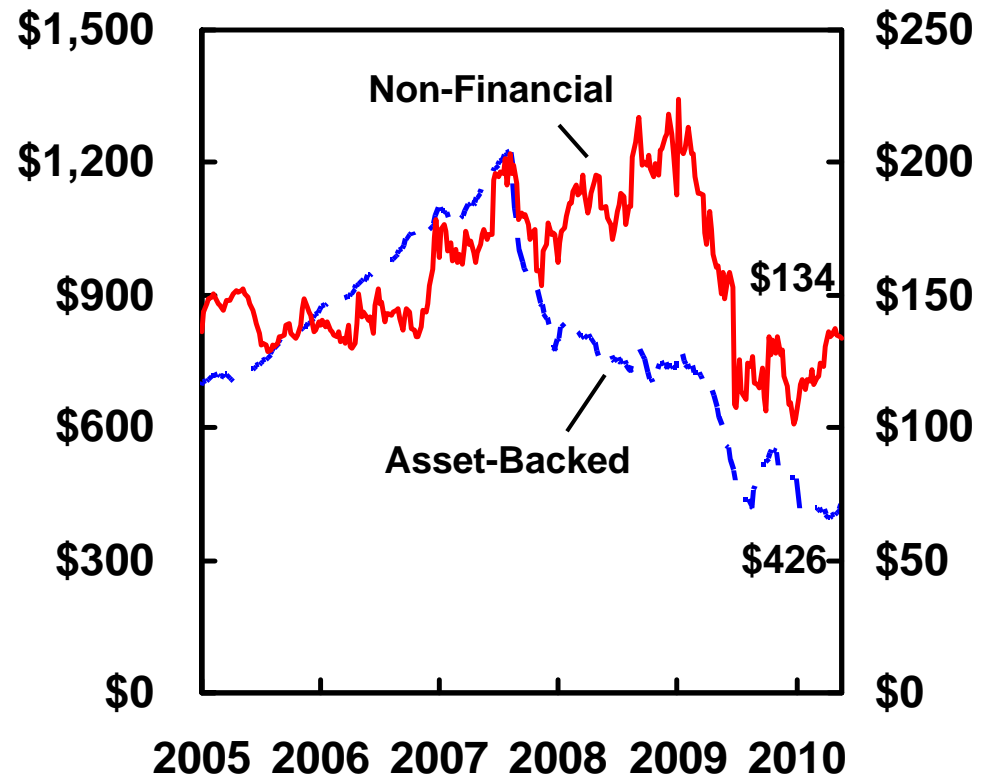
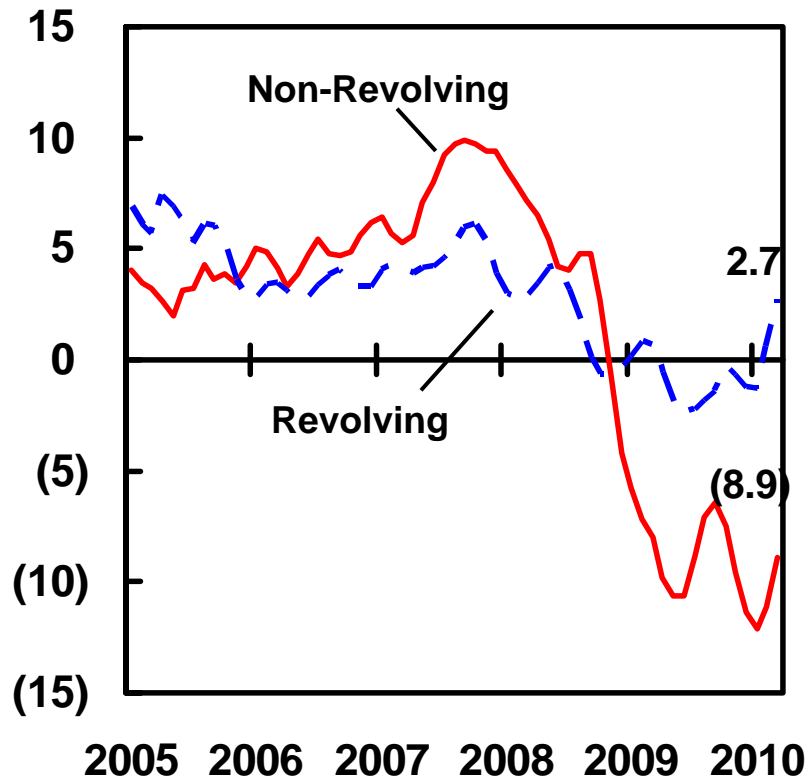
Consumer Credit Outstanding

Commercial Paper Outstanding

SA, Pct. Chg. at Annual Rate
(Over 3-month period)

Asset-Backed
(Bils.)

Non-Financial
(Bils.)



Note: Based on 3-month moving average

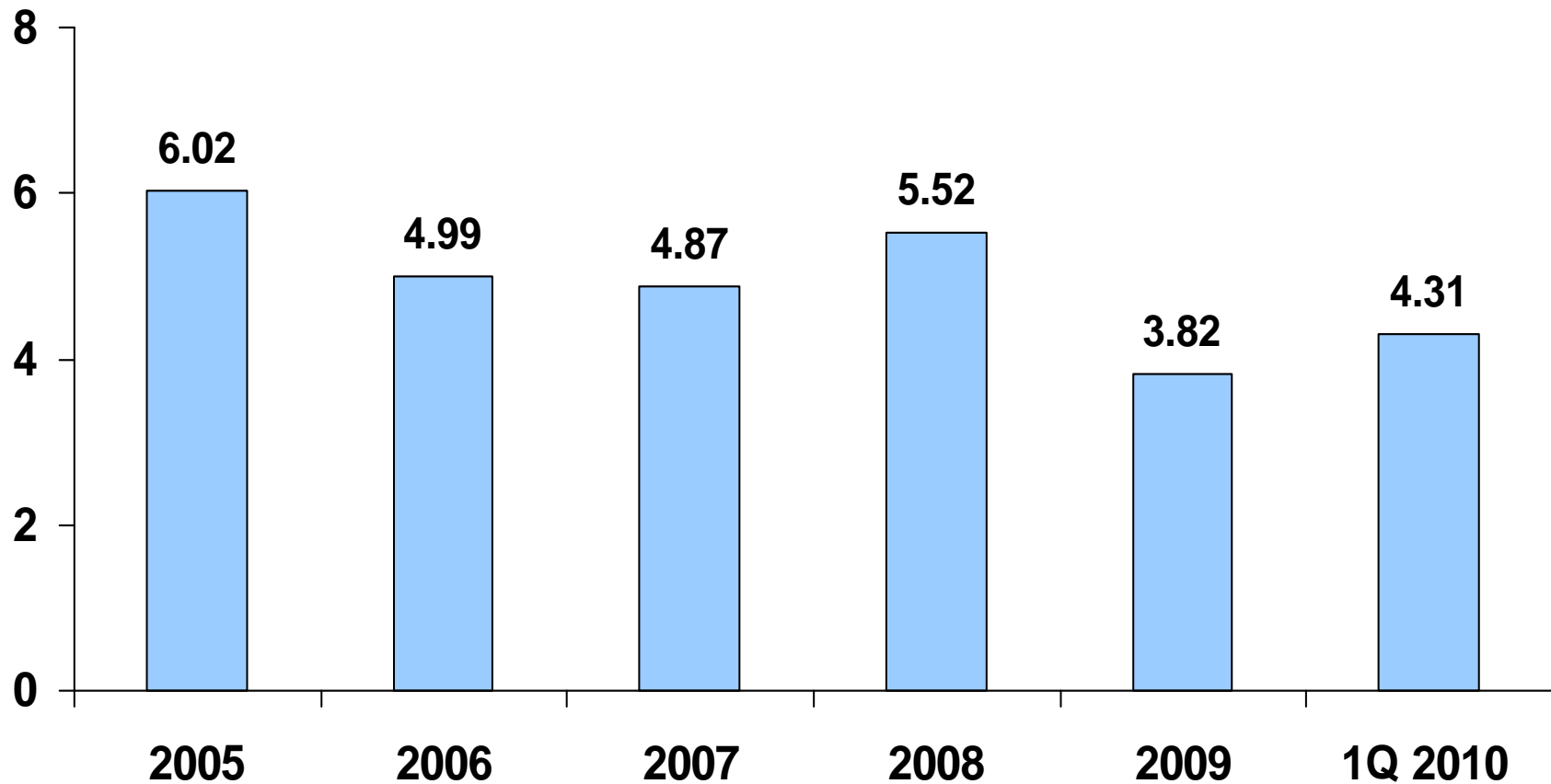
Total consumer credit was \$2.5 trillion as of March 2010, not including mortgage debt

U.S. INTEREST RATES FOR NEW AUTO LOANS



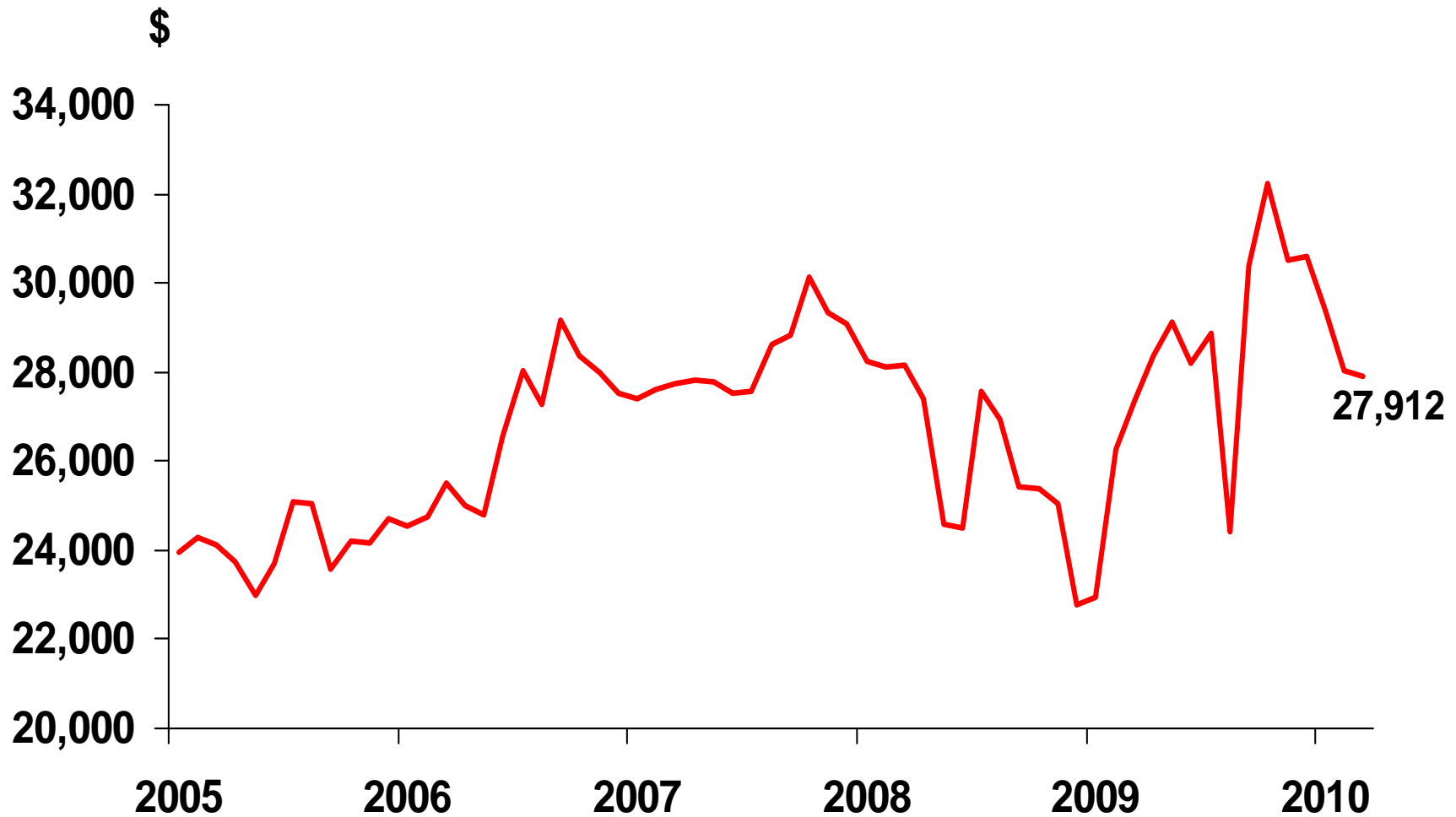
Captive Finance Companies

Period End %



Source: Federal Reserve Board, G.19 Consumer Credit report

NEW AUTO LOANS -- AVERAGE AMOUNT FINANCED



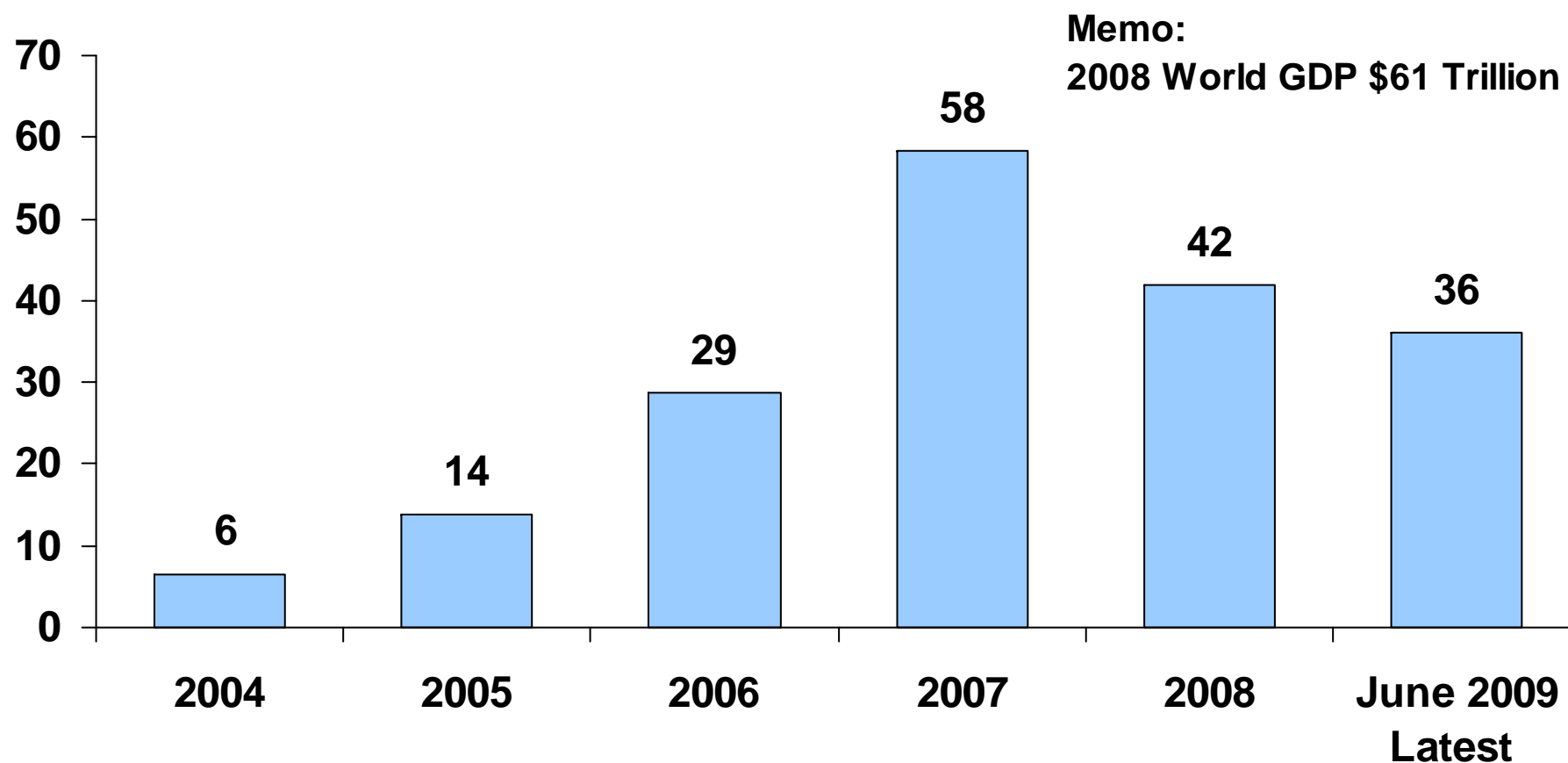
Source: Federal Reserve Board, G.19 Consumer Credit Report



DIMENSIONS OF GLOBAL CREDIT DEFAULT SWAPS MARKET

Notional Amounts Outstanding

\$ Trillions

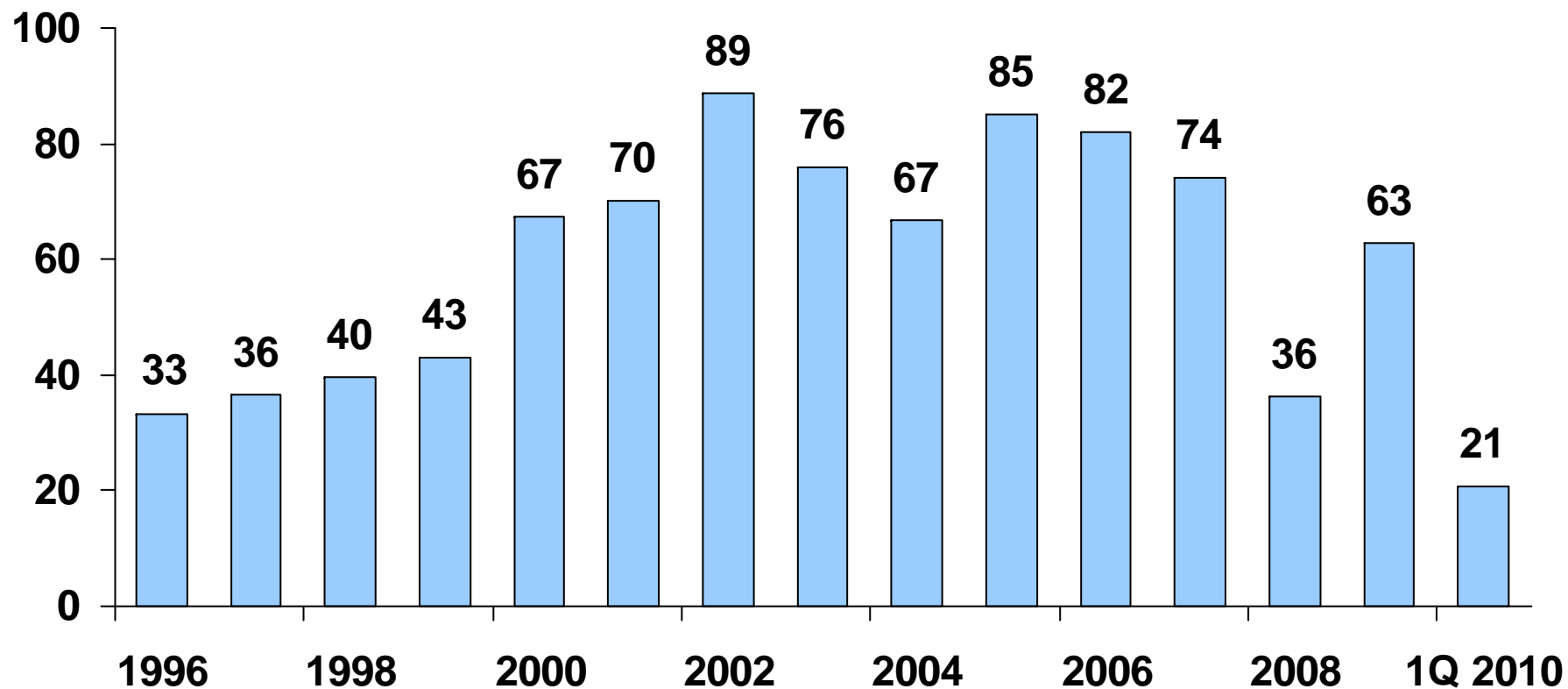


Source: BIS Quarterly Review, March 2010; GDP: IMF World Economic Outlook



ASSET-BACKED SECURITIES ISSUANCE -- AUTOMOBILE LOANS

\$ Billions



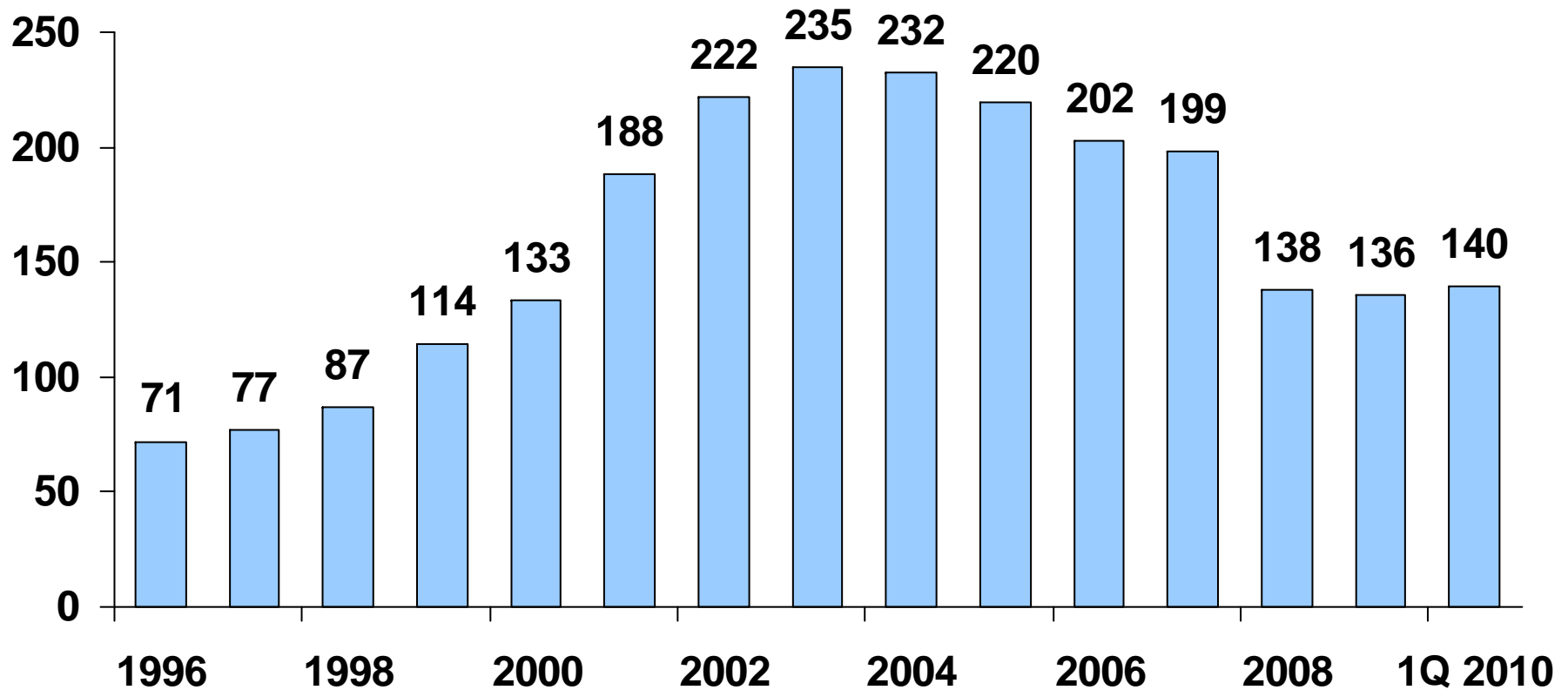
Source: SIFMA

SLIDE 16



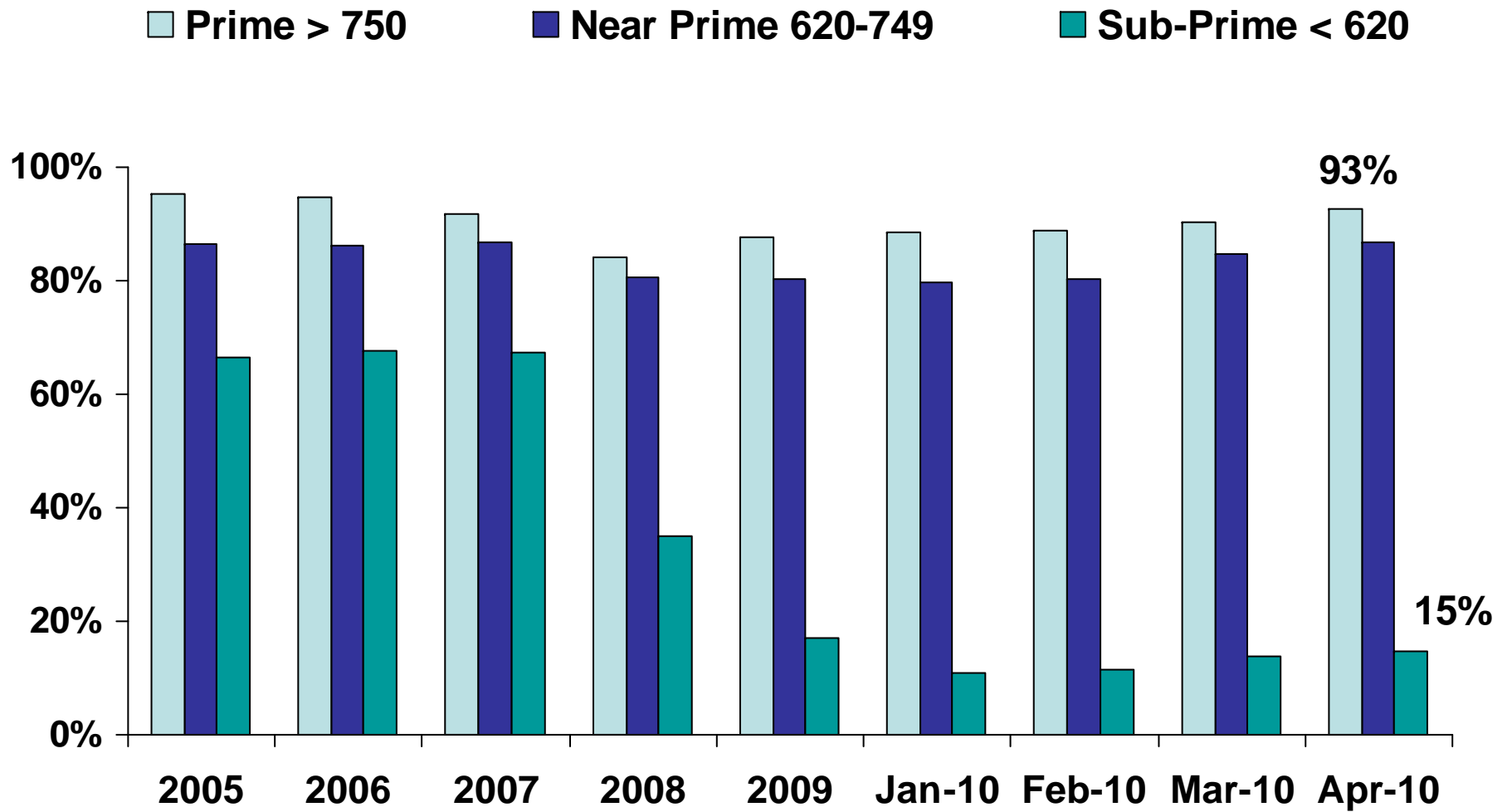
ASSET-BACKED SECURITIES OUTSTANDING -- AUTOMOBILE LOANS

\$ Billions



Source: SIFMA

AUTO LOANS APPROVAL RATES



Source: CNW Research

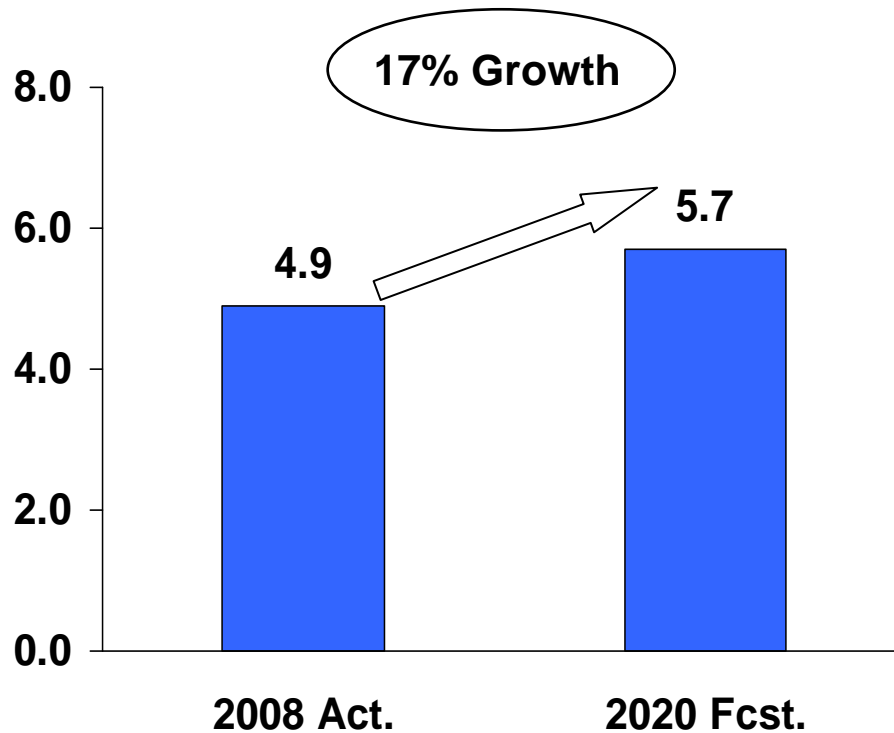


LONG-TERM OUTLOOK

GLOBAL DRIVING AGE POPULATION PROJECTIONS



Billions of Drivers



	<u>% Chg. 2008-2020</u>	<u>% of 2020 Driving Age Pop.</u>
Mature Markets*	7%	20%
China and India	15%	37%
Other Markets	24%	43%

Memo:

Total Population 6.7

7.6

Source: U.S. Census Bureau, IDB Database

* Includes Canada, U.S., Europe 19 and Japan

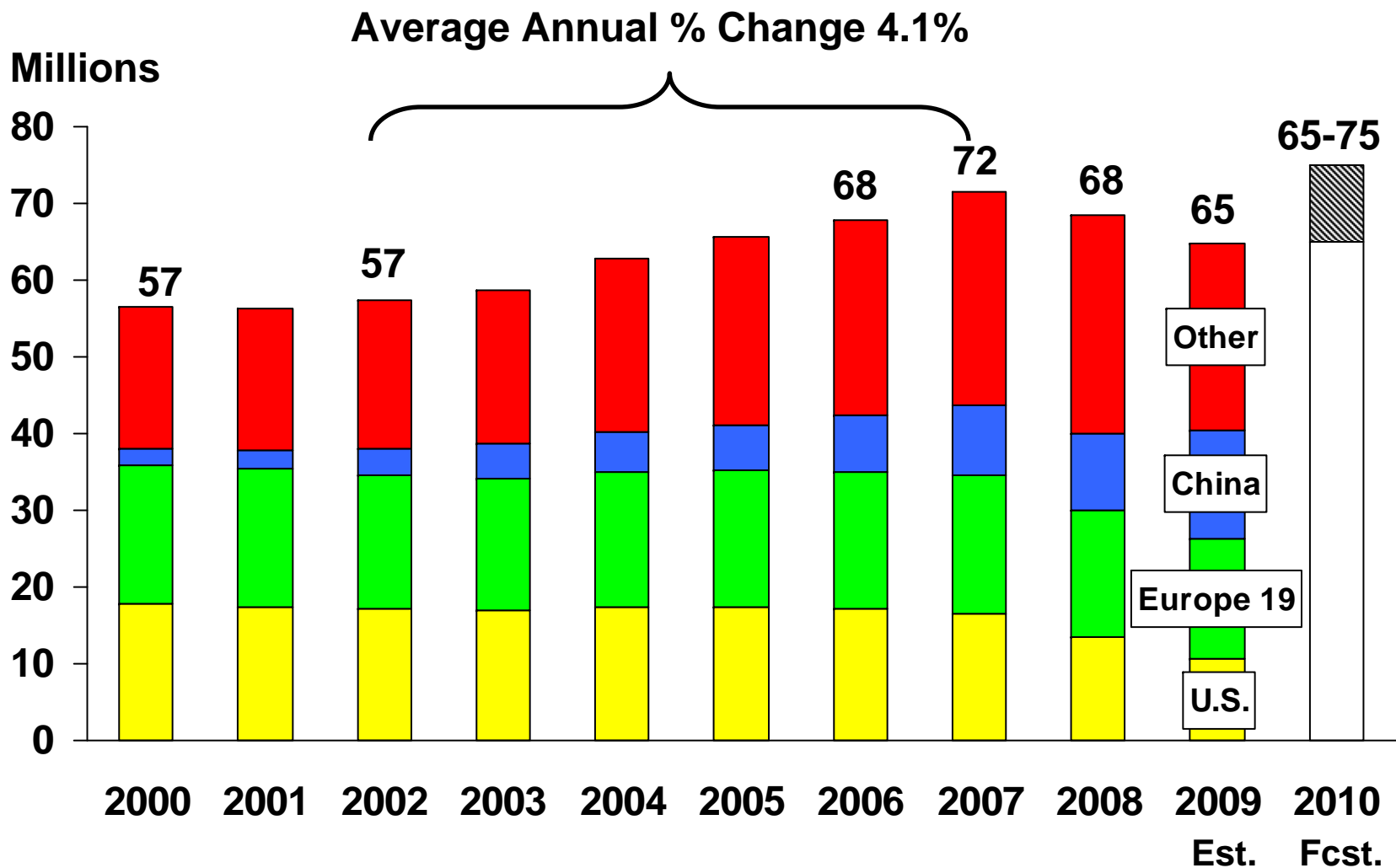
SELECTED "TAKE-OFF" EMERGING MARKETS



Per Capita Incomes between USD 5,000 - 15,000
(At Purchasing Power Parity in \$2005)

	Full Year 2008	Memo: Driving Age Population 2008
	USD	Mils.
China East	\$ 9,040	302
China Central	4,984	399
India West	4,519	162
Brazil	9,517	143
Russia	14,917	120
Mexico	13,407	77
Turkey	12,264	55
Thailand	7,120	52
South Africa	9,343	35
Argentina	13,248	30
Romania	11,761	19
Memo: Global Driving Age Population		4,867
Selected Take-Off Markets as % of Global Driving Age Population		29 %

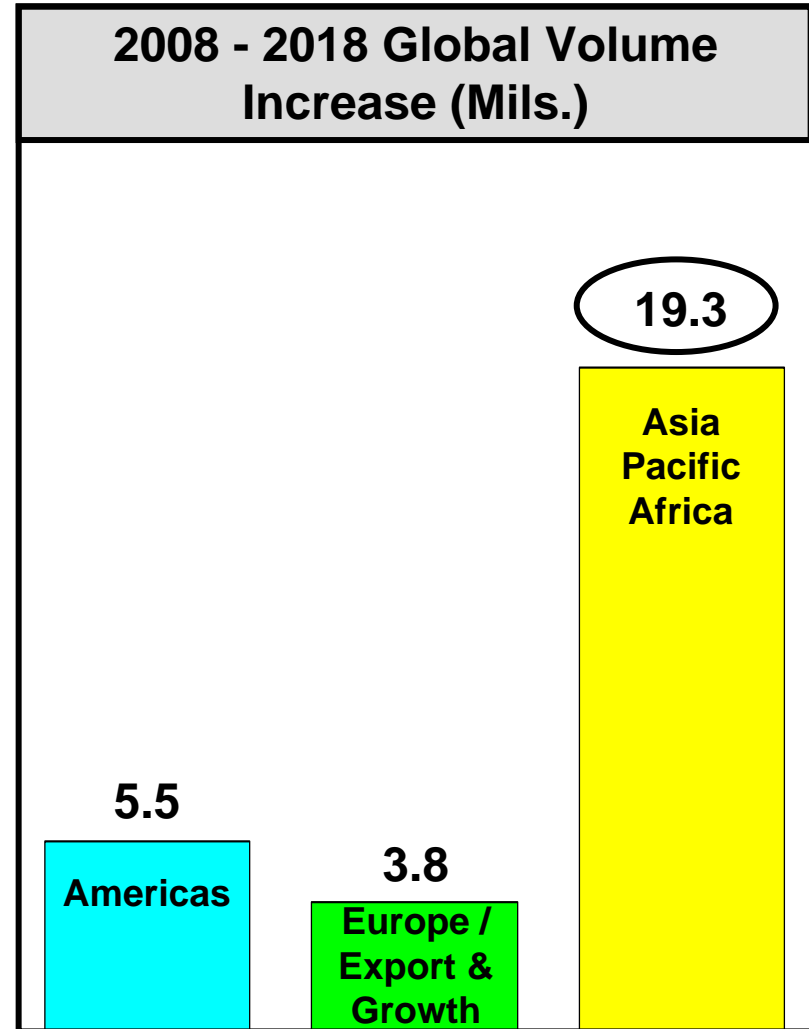
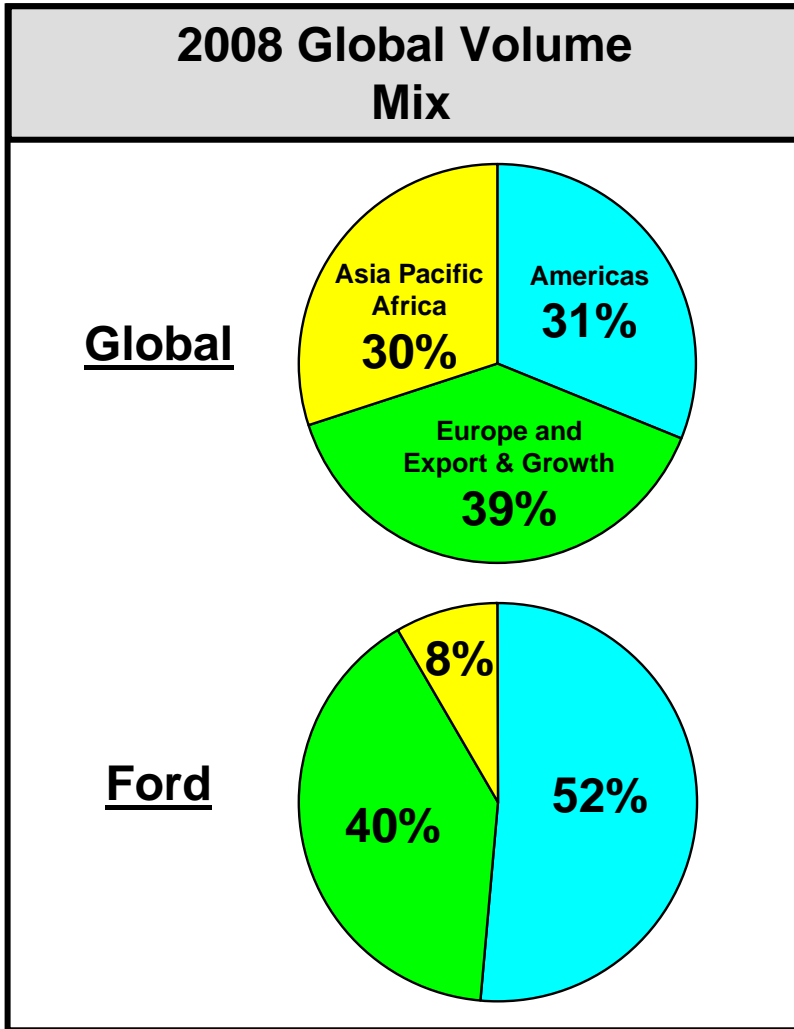
WORLDWIDE VEHICLE SALES



Note: Vehicle sales include heavy trucks

Source: Ford Motor Company

GLOBAL VEHICLE SALES MIX AND GROWTH



SAFE HARBOR



Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Further declines in industry sales volume, particularly in the United States or Europe, due to financial crisis, deepening recession, geo-political events, or other factors;
- Decline in market share;
- Lower-than-anticipated market acceptance of new or existing products;
- An increase in or acceleration of market shift beyond our current planning assumptions from sales of trucks, medium- and large-sized utilities, or other more profitable vehicles, particularly in the United States;
- A return to elevated gasoline prices, as well as the potential for volatile prices or reduced availability;
- Continued or increased price competition resulting from industry overcapacity, currency fluctuations, or other factors;
- Adverse effects from the bankruptcy, insolvency, or government-funded restructuring of, change in ownership or control of, or alliances entered into by a major competitor;
- A prolonged disruption of the debt and securitization markets;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Economic distress of suppliers that may require us to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase our costs, affect our liquidity, or cause production disruptions;
- Single-source supply of components or materials;
- Labor or other constraints on our ability to restructure our business;
- Work stoppages at Ford or supplier facilities or other interruptions of production;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for our postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulation resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation or governmental investigations arising out of alleged defects in our products, perceived environmental impacts, or otherwise;
- A change in our requirements for parts or materials where we have long-term supply arrangements that commit us to purchase minimum or fixed quantities of certain parts or materials, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on our results from a decrease in or cessation of government incentives related to capital investments;
- Adverse effects on our operations resulting from certain geo-political or other events;
- Substantial levels of Automotive indebtedness adversely affecting our financial condition or preventing us from fulfilling our debt obligations (which may grow because we are able to incur substantially more debt, including additional secured debt);
- Failure of financial institutions to fulfill commitments under committed credit facilities;
- Inability of Ford Credit to obtain competitive funding;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts due to credit rating downgrades, market volatility, market disruption, or other factors;
- Higher-than-expected credit losses;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles;
- Collection and servicing problems related to finance receivables and net investment in operating leases;
- Lower-than-anticipated residual values or higher-than-expected return volumes for leased vehicles;
- New or increased credit, consumer, or data protection or other regulations resulting in higher costs and/or additional financing restrictions; and
- Inability to implement our One Ford plan.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. For additional discussion of these risks, see "Item 1A. Risk Factors" in our 2009 Form 10-K Report.