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Global Industry Outlook

Auto Outlook Symposium
Federal Reserve Bank of Chicago
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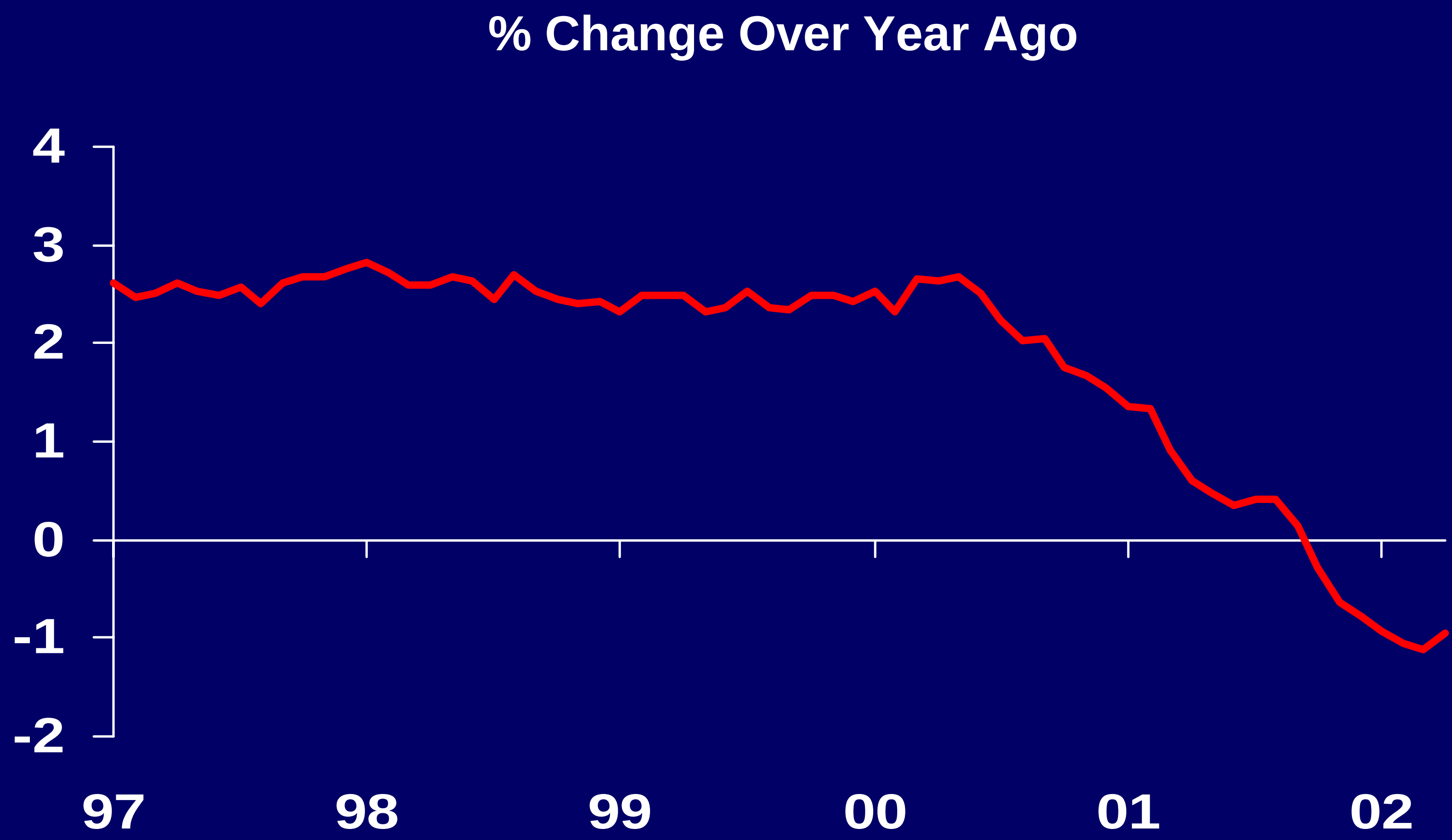
Ford Motor Company

Key Points

- Moderate U.S. Recovery is Underpinning High Vehicle Sales Plateau
- Global Recovery Associated with Flat Vehicle Sales in Major Markets this Year
- Automotive Industry Challenges Include Global Excess Capacity, Pricing, and the Weak Yen

U.S. Payroll Employment

- Job Losses Likely to Ease in Coming Months



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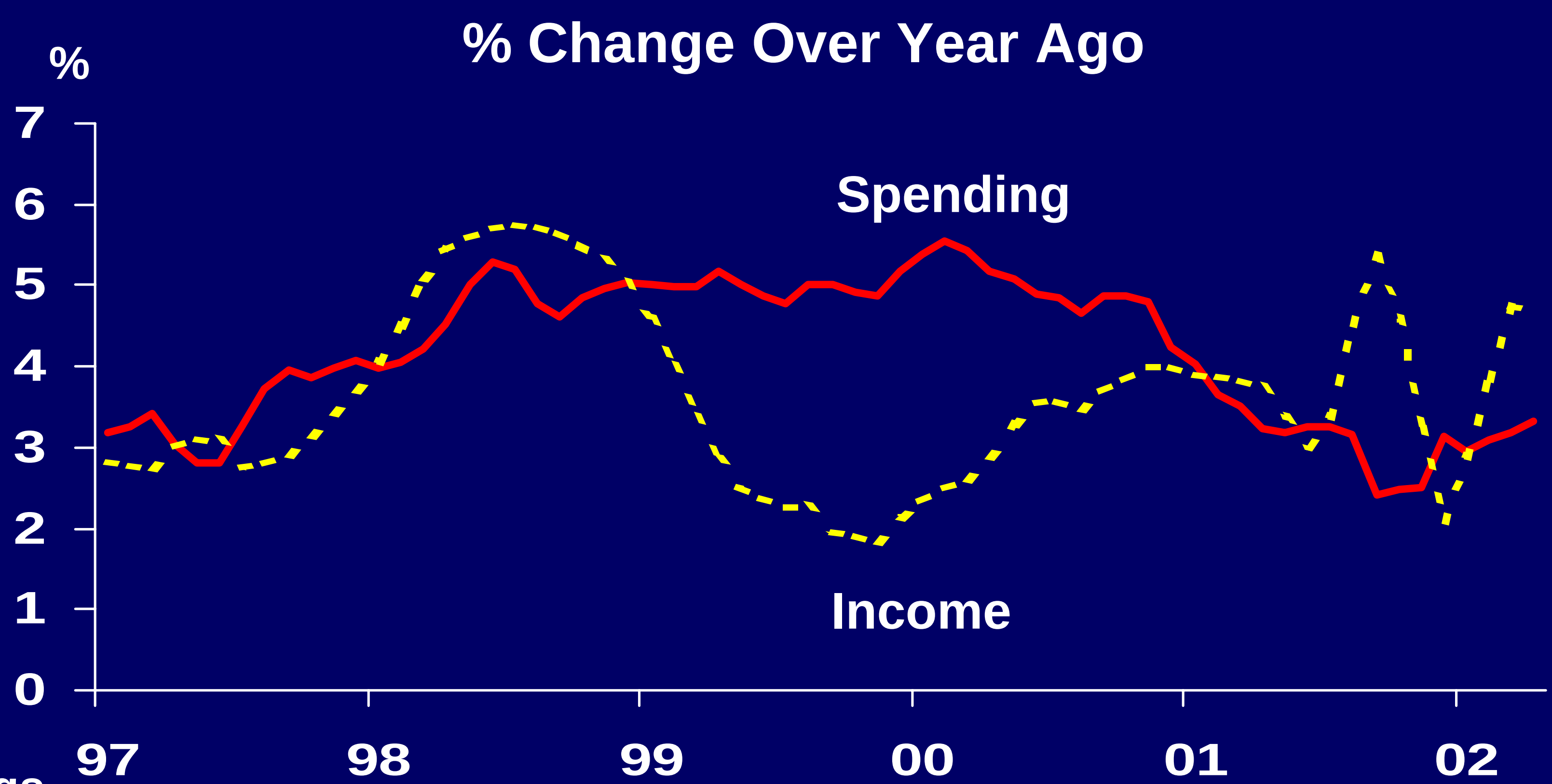
U.S. Real Consumer Spending and Income

- **Solid Fundamentals for Vehicle Sales**



Savings Rate: 4.2% 4.7% 2.4% 1.0% 1.6% YTD: 2.9%

Based on 3–month moving average

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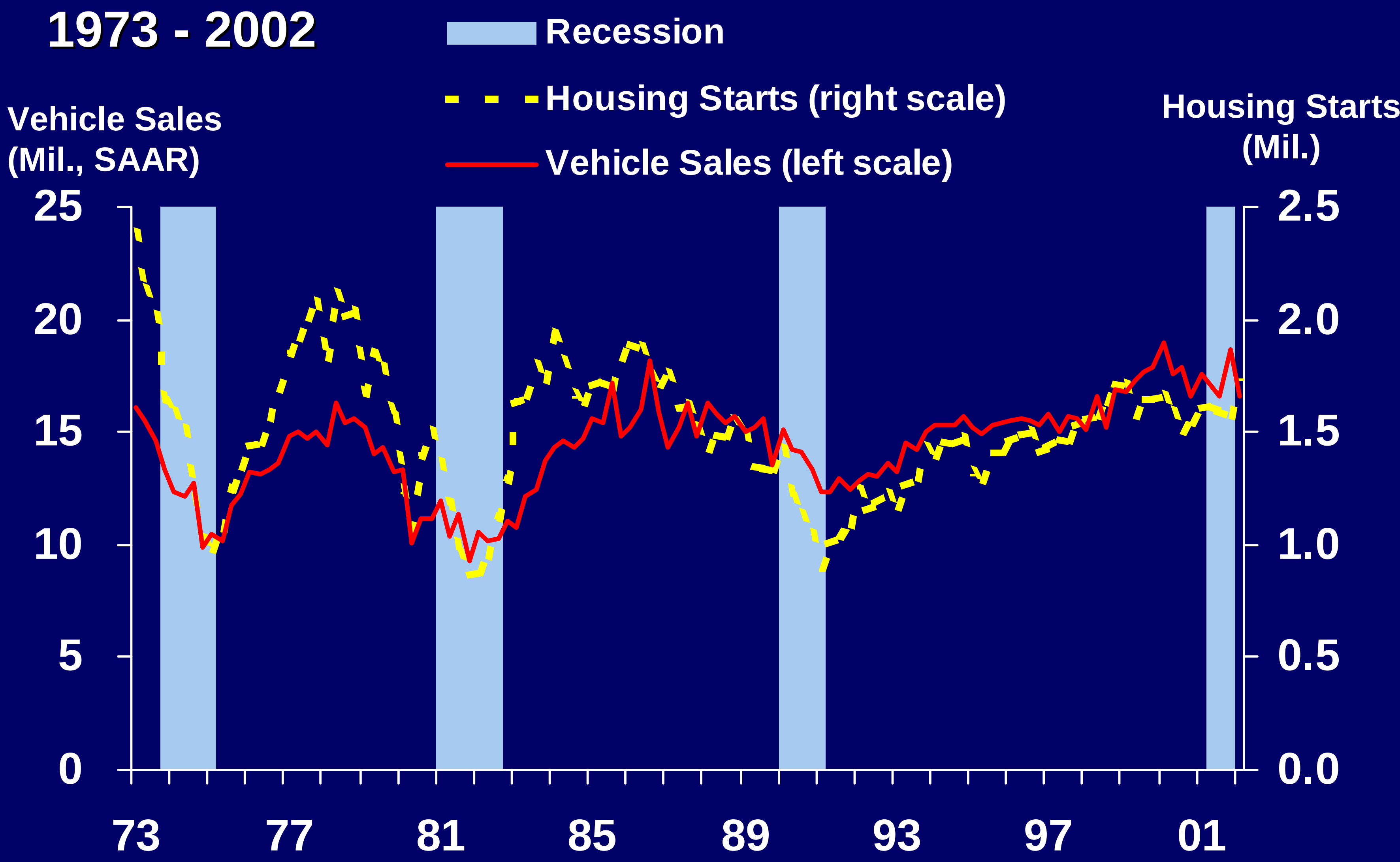
U.S. Housing and Autos



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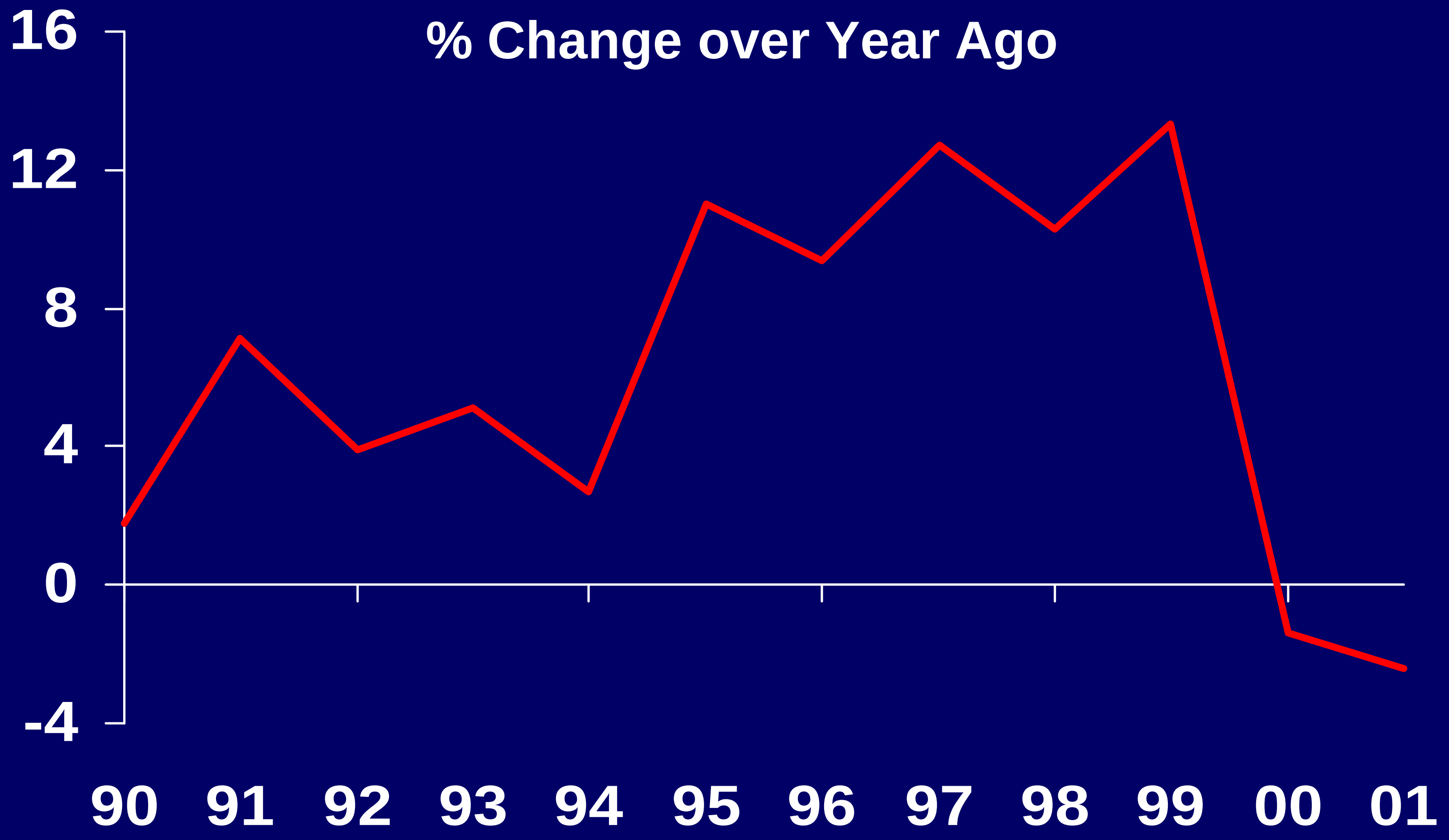
U.S. Household Net Wealth

- Less Support For Consumer Spending This Year



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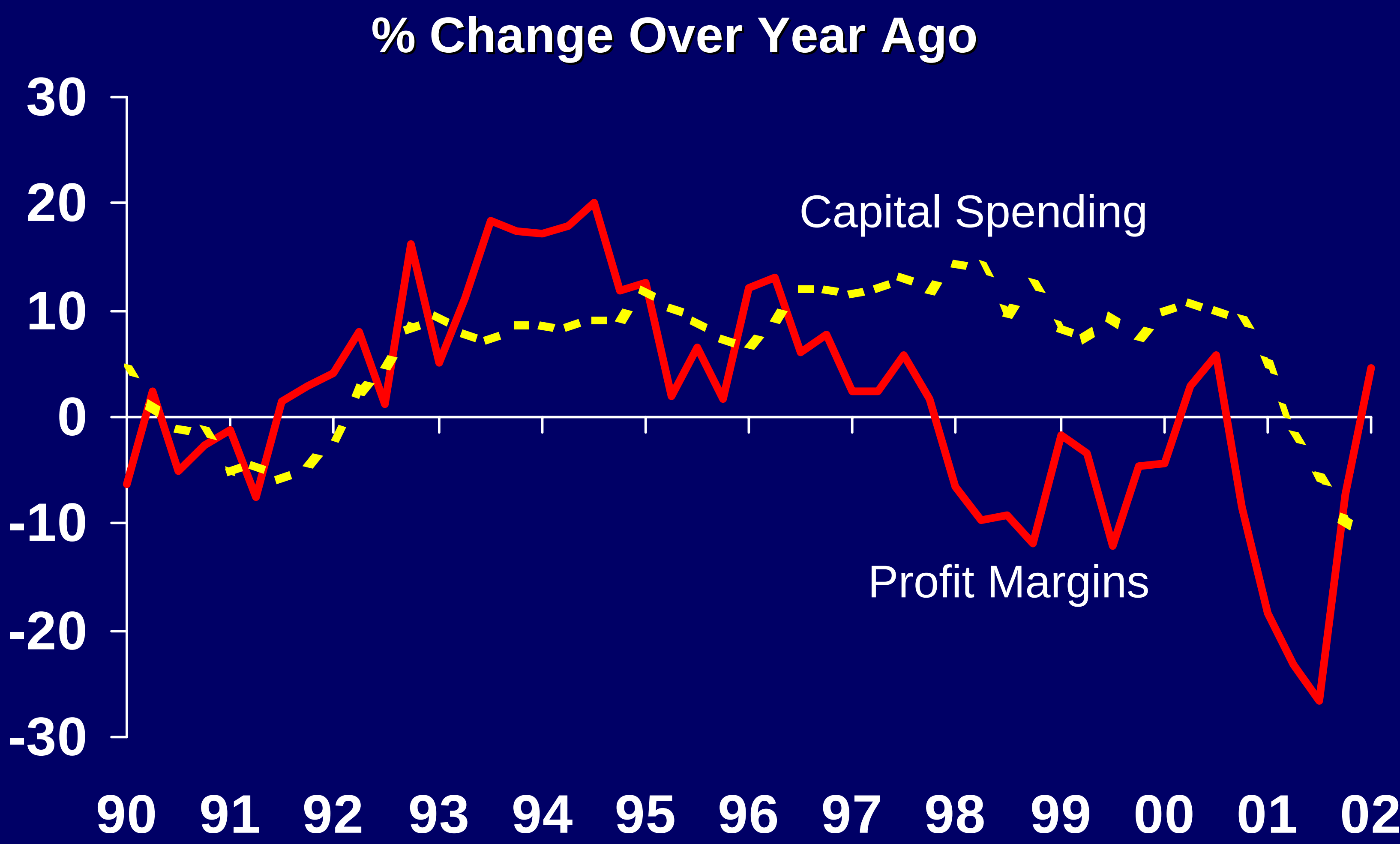
U.S. Profit Margins and Capital Spending



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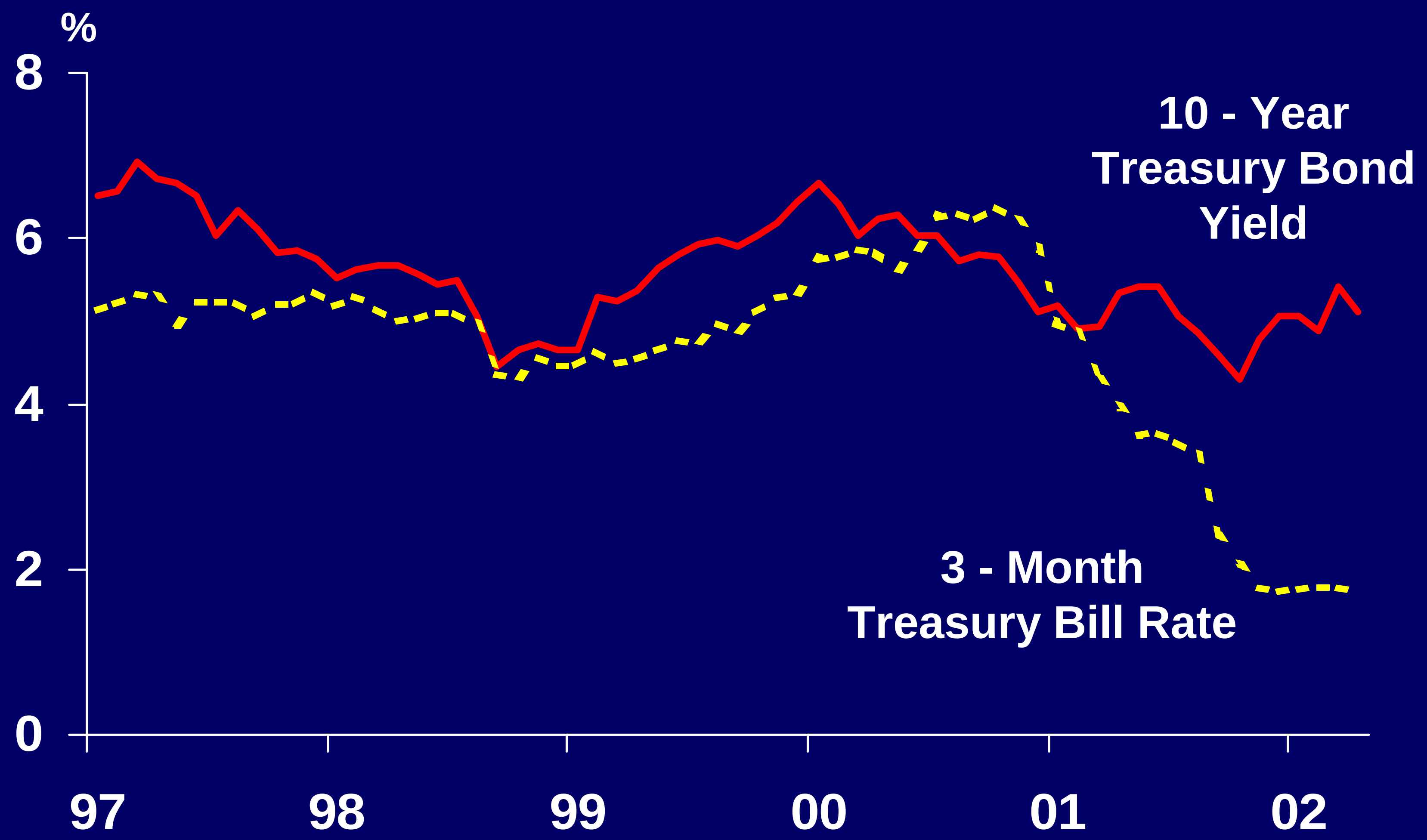
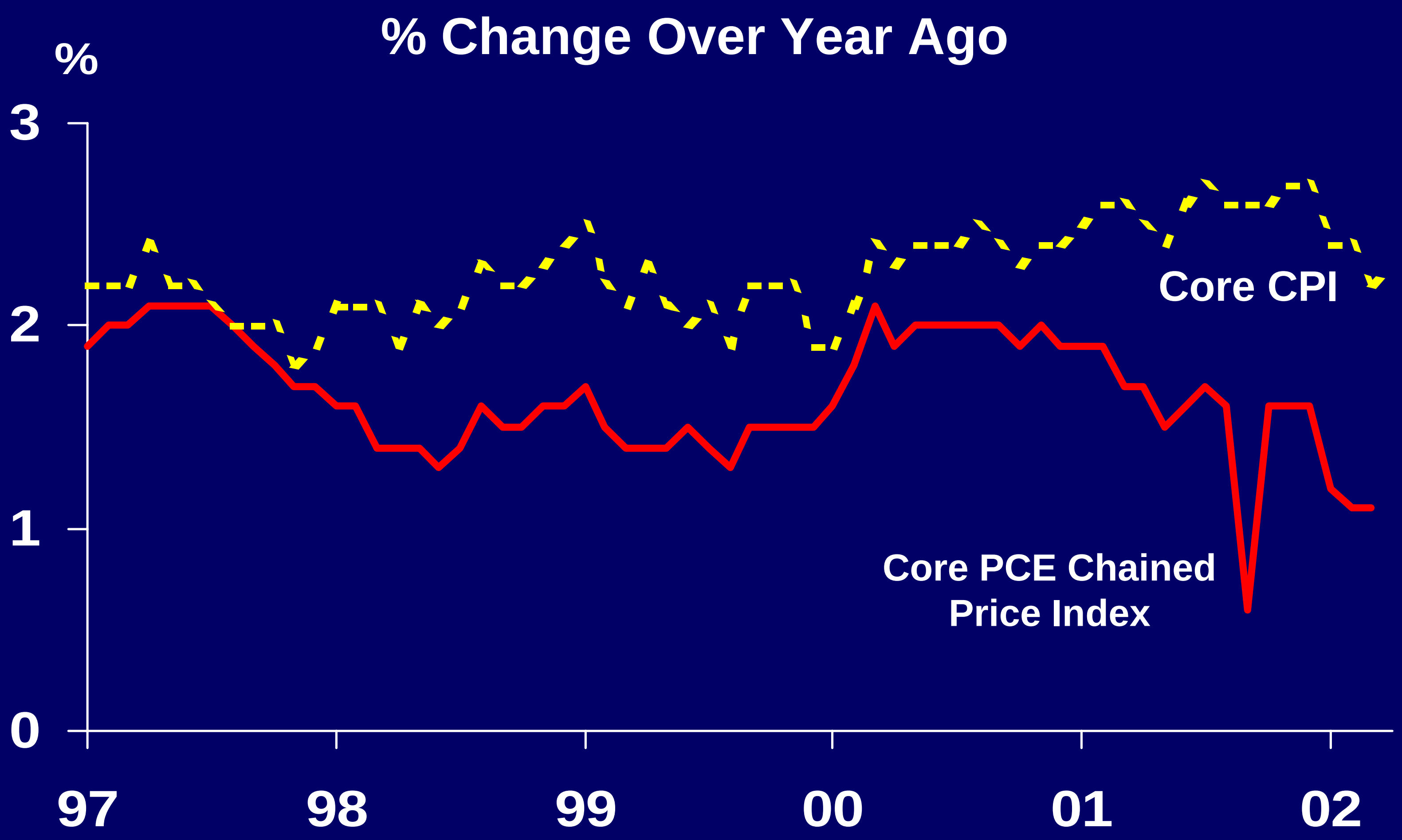
U.S. Interest Rates



U.S. Inflation

- Core Inflation Low



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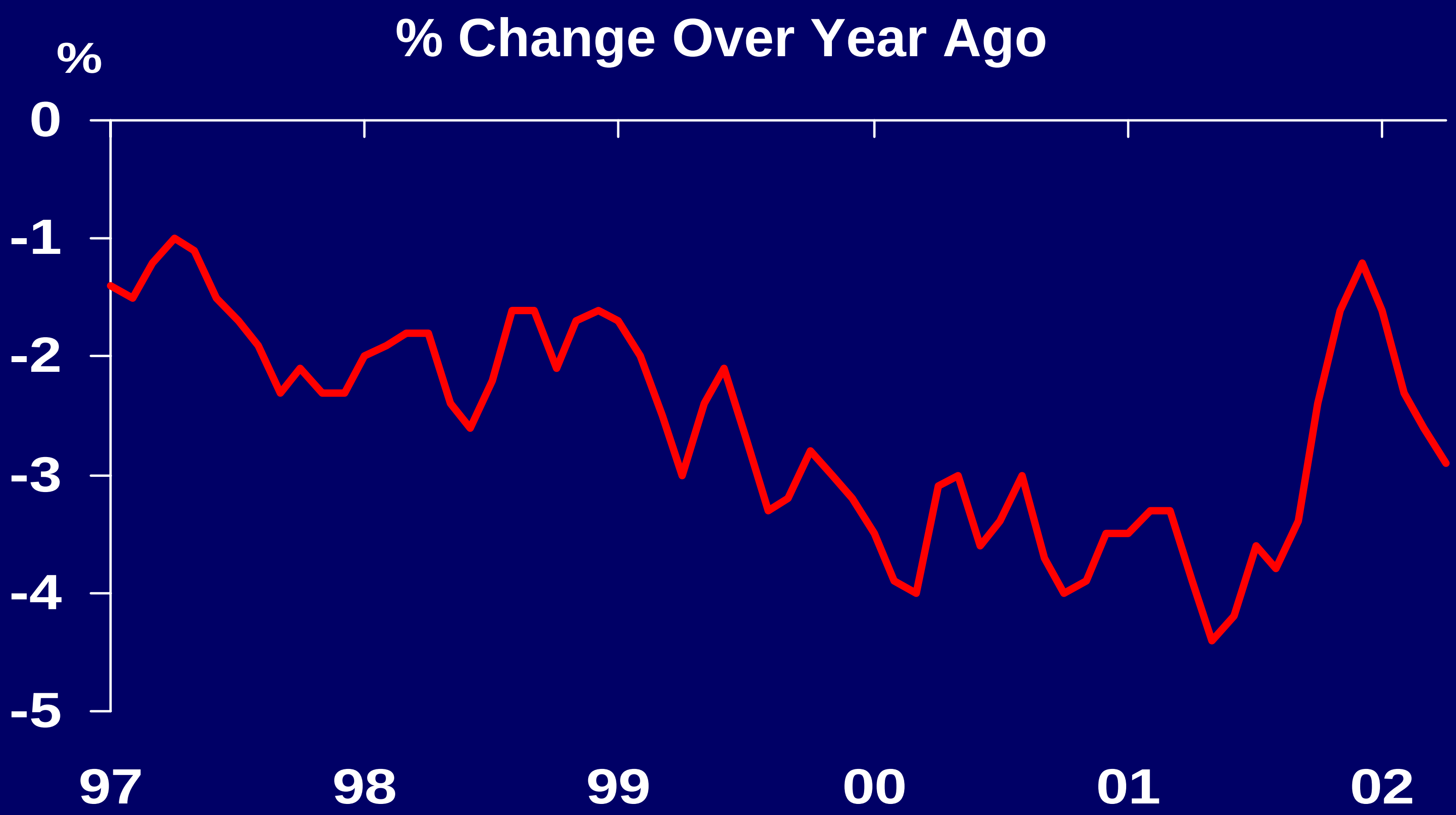
U.S. Real Vehicle Prices



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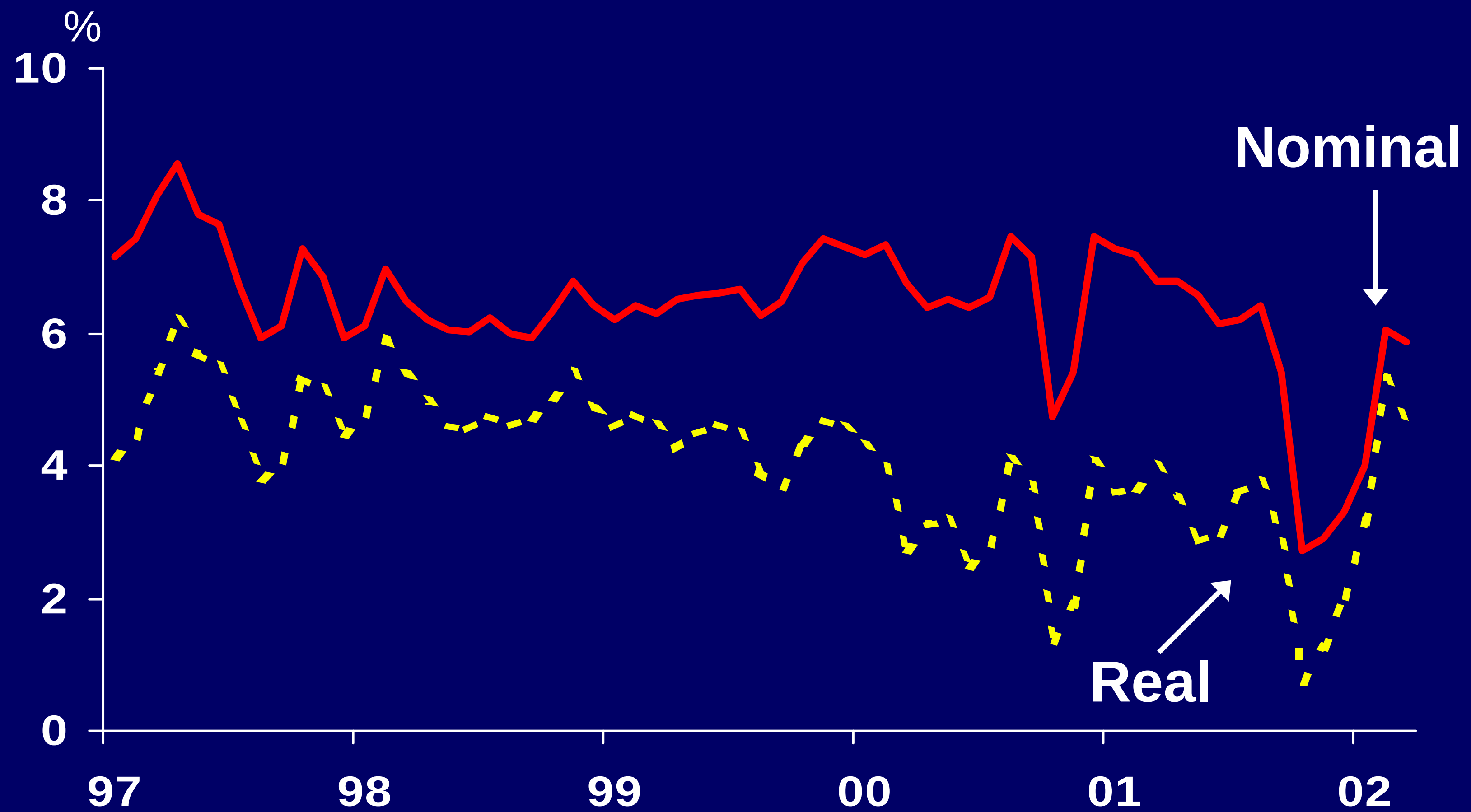
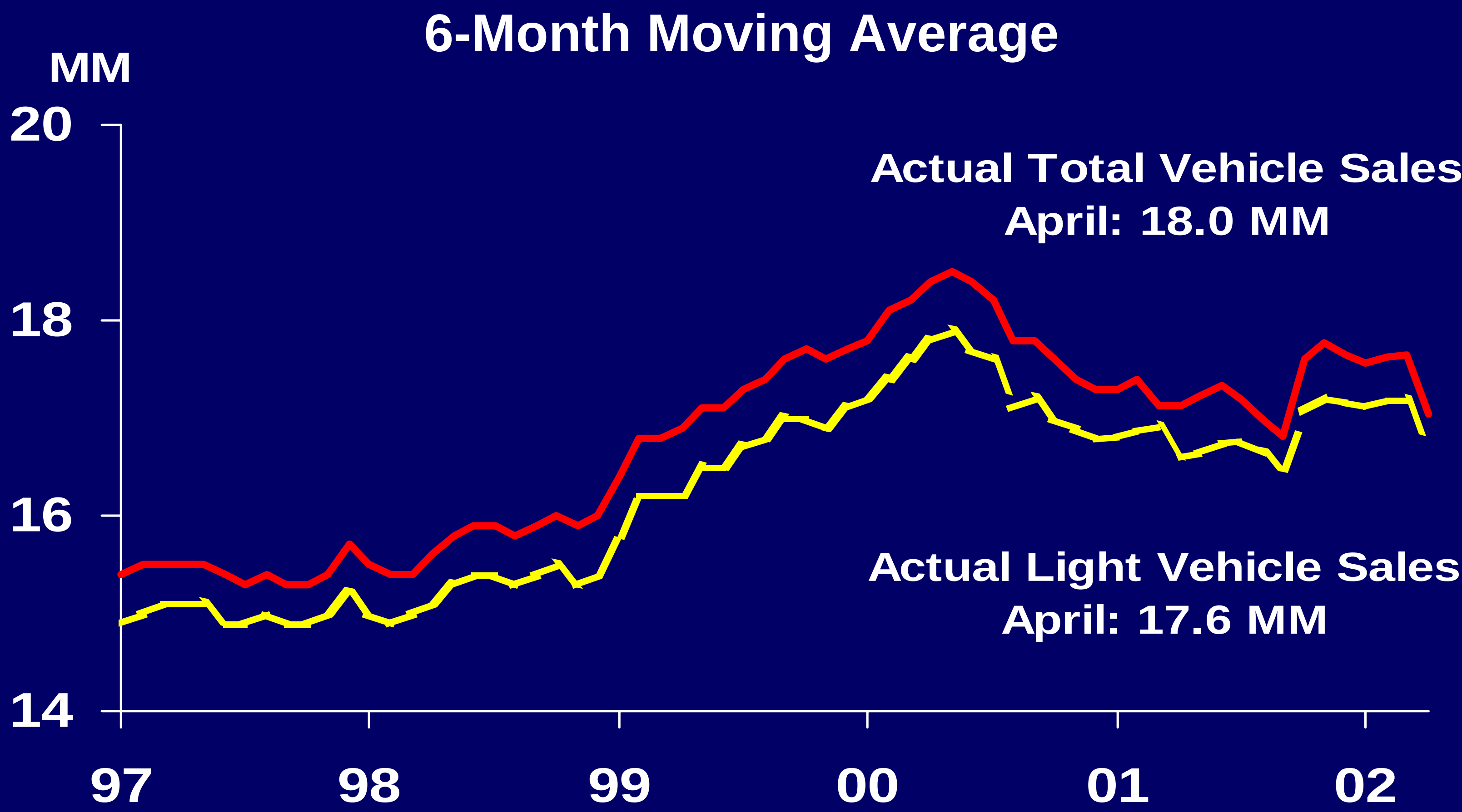
U.S. Auto Loan Rates

- Interest Rate Support Likely to Ease Further



U.S. Vehicle Sales

- No Pent-Up Demand To Support Typical Rebound



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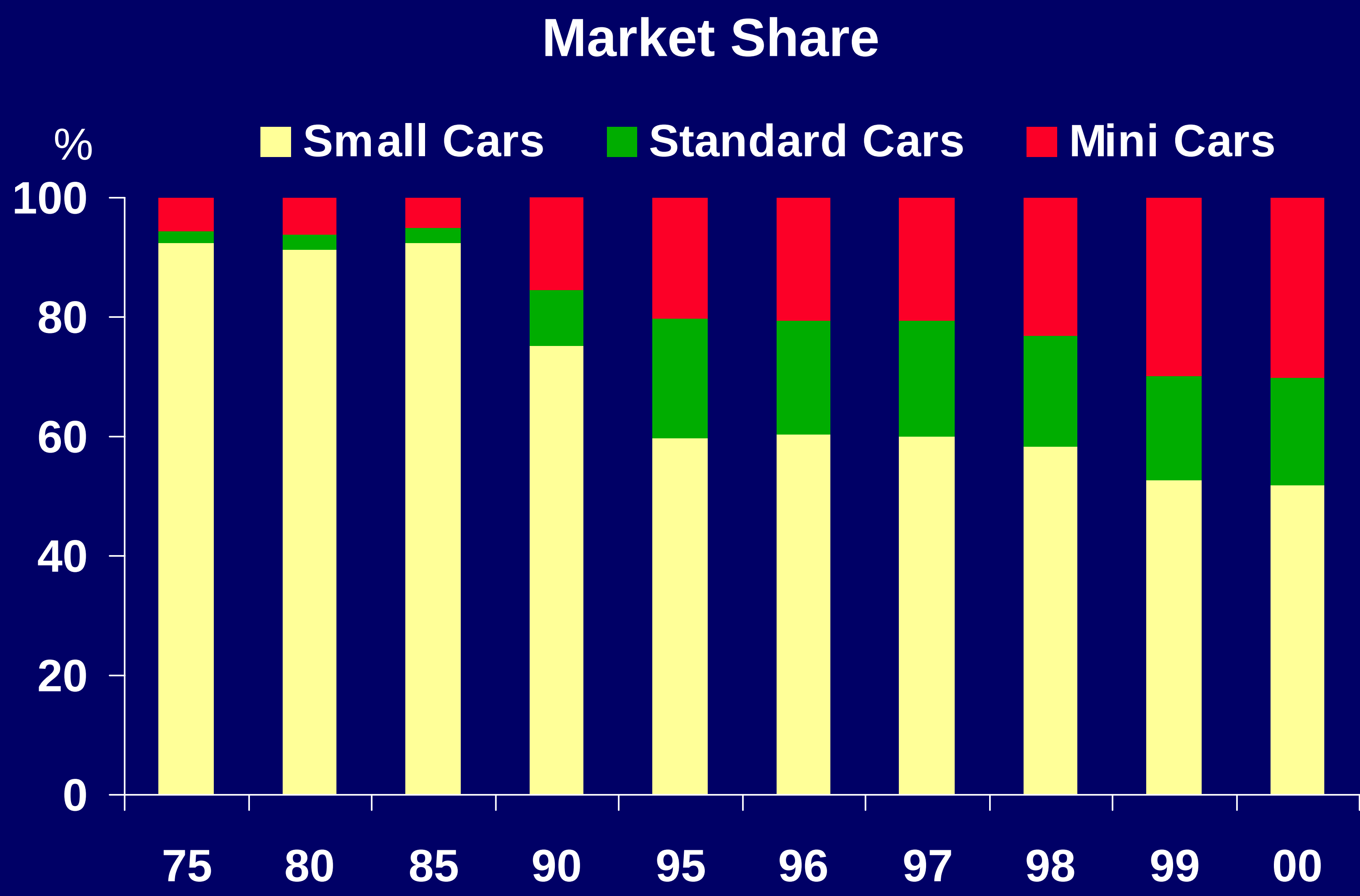
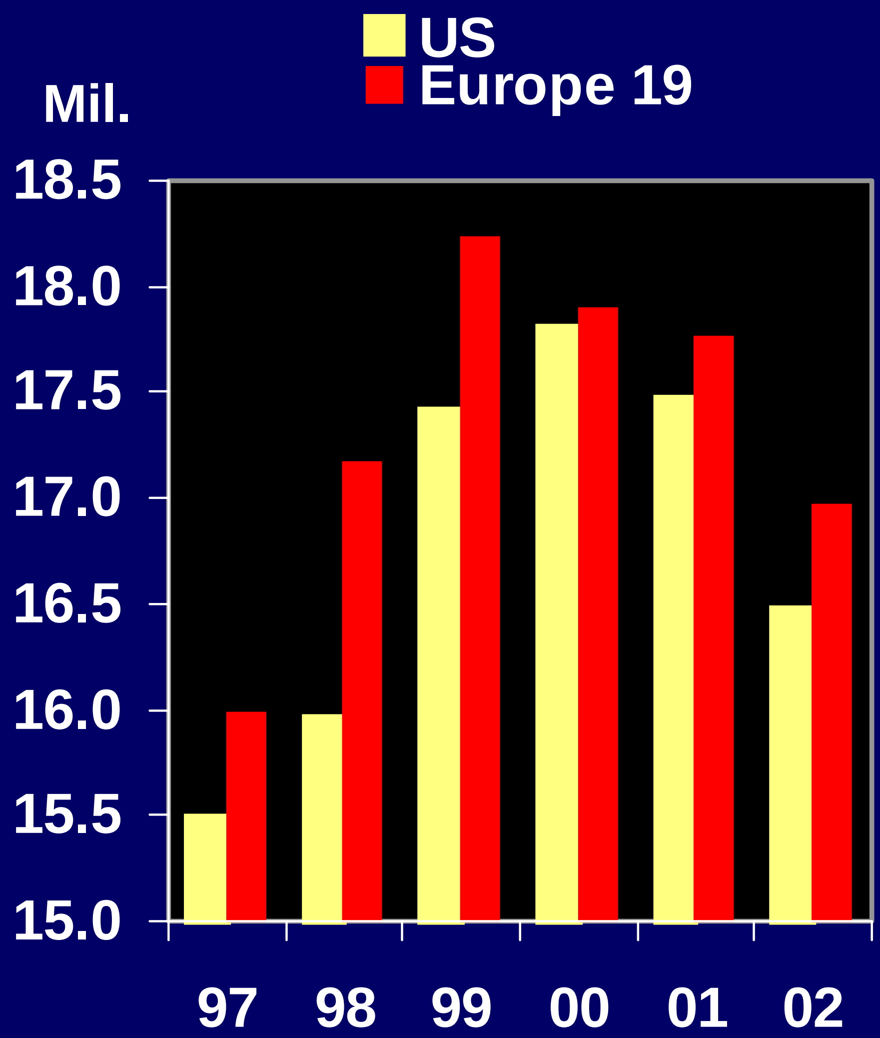
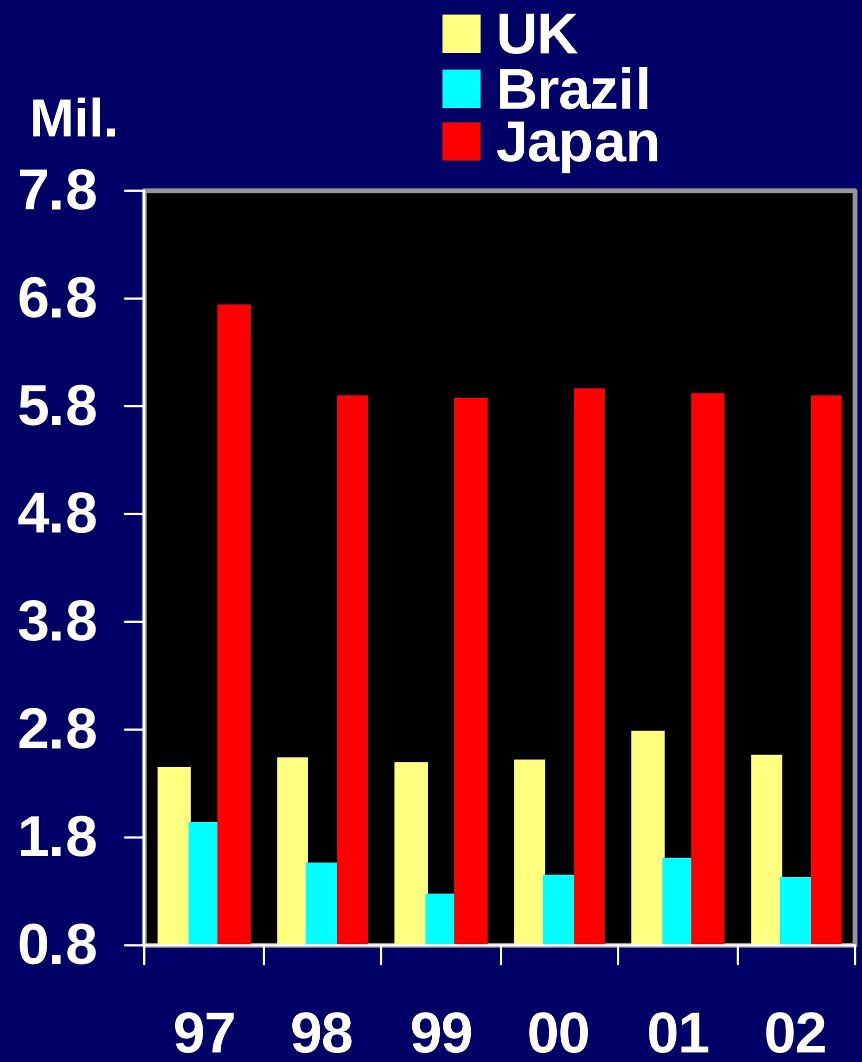
Japan Passenger Car Sales By Segment



Source: Japan Automotive Manufacturers Association

Global Vehicle Sales





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Automotive Industry Challenges Ahead

- Excess Capacity
- Pricing Pressures
- Weak Yen

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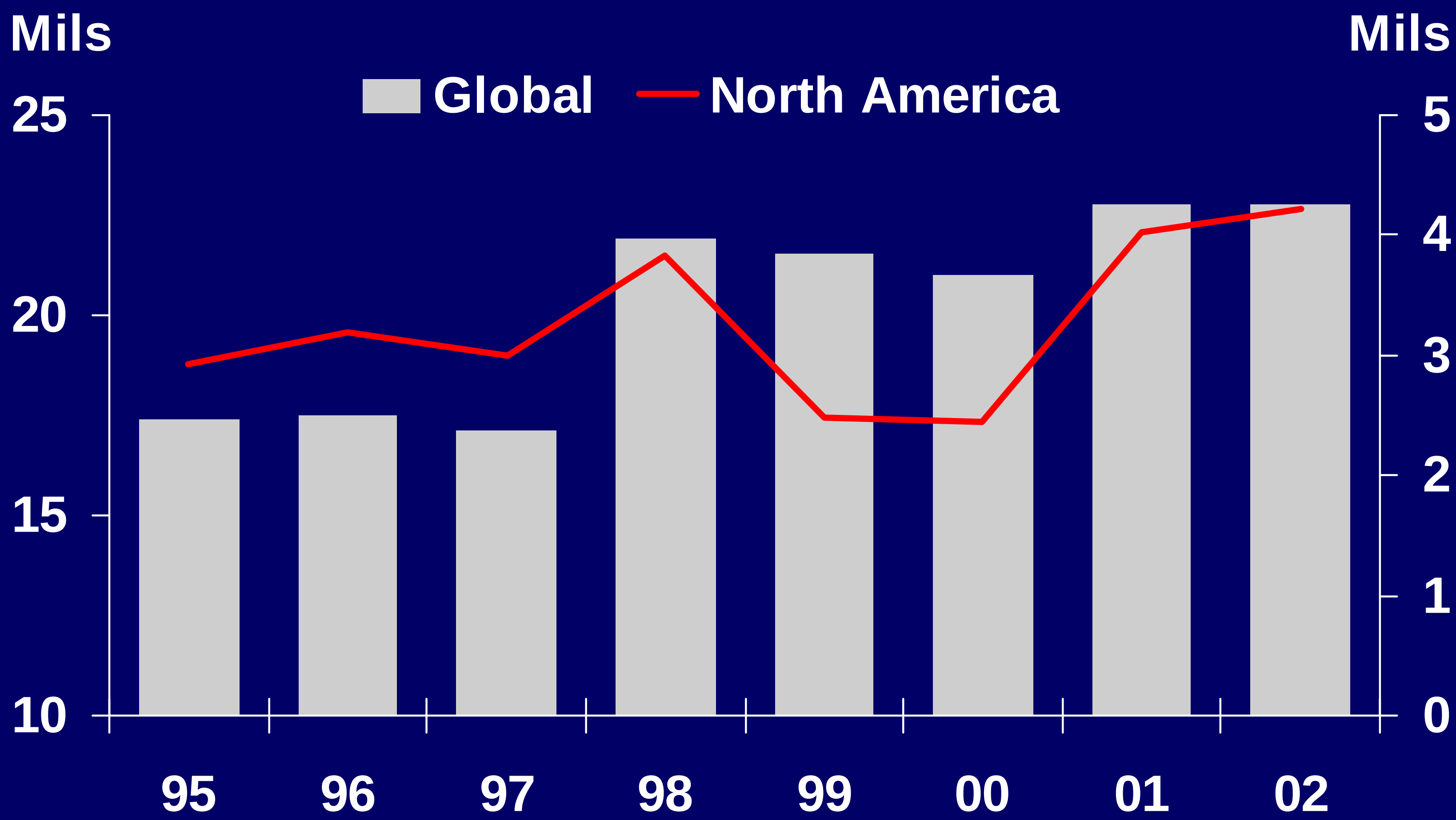
Excess Capacity

- Excess Capacity To Remain High



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Economic and Industry Outlook

	Real GDP (% Change over Year Ago.)		Inflation (% Change over Year Ago.)		Vehicle Sales (MM)	
	2001 ACT.	2002 FCST.	2001 ACT.	2002 FCST.	2001 ACT.	2002 FCST.
U.S.	1.2%	3.0%	2.7%	1.5%	17.5	16.5
EURO AREA	1.5	1.0	2.5	2.0	13.4	12.7
GERMANY	0.7	0.6	2.4	1.7	3.64	3.58
UK	2.2	1.6	1.8	2.0	2.77	2.64
MEXICO	(0.3)	1.5	6.4	5.3	0.95	0.98
BRAZIL	1.5	1.0	6.8	8.0	1.60	1.50
ARGENTINA	(4.0)	(8.0)	(1.0)	50.0	0.18	0.10
JAPAN	(0.5)	(1.0)	(0.7)	(0.6)	5.92	5.88