



Auto Industry Outlook

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Economic Outlook Symposium**

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Topics Today

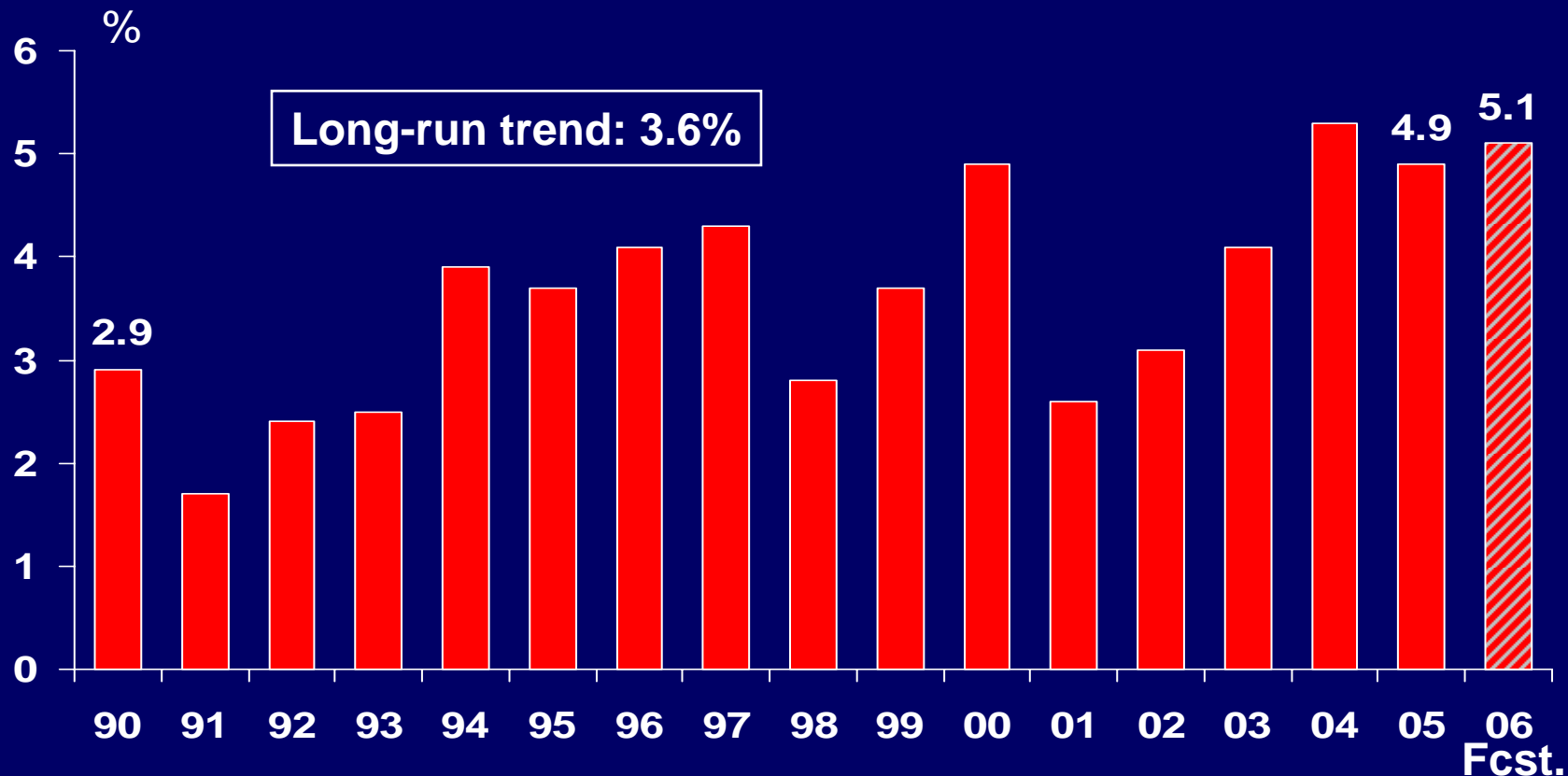
- **Global Backdrop**
- **U.S. Vehicle Buying Fundamentals**
- **Outlook**

Global



Global Economic Growth

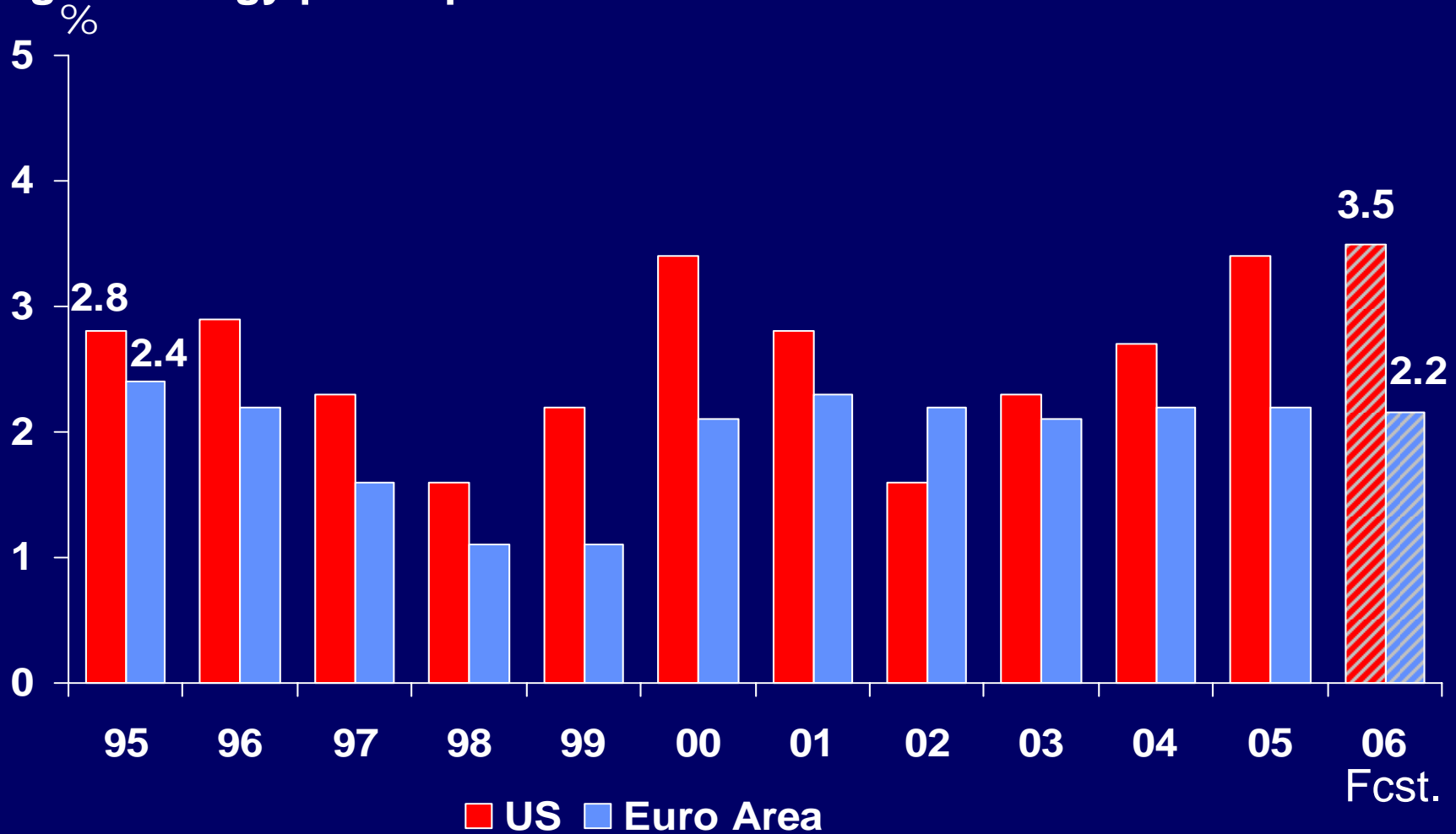
Global GDP growth above trend for four consecutive years



Source: IMF World Economic Outlook September 2006, annual % change in real GDP

Inflation

Higher energy prices pose risks

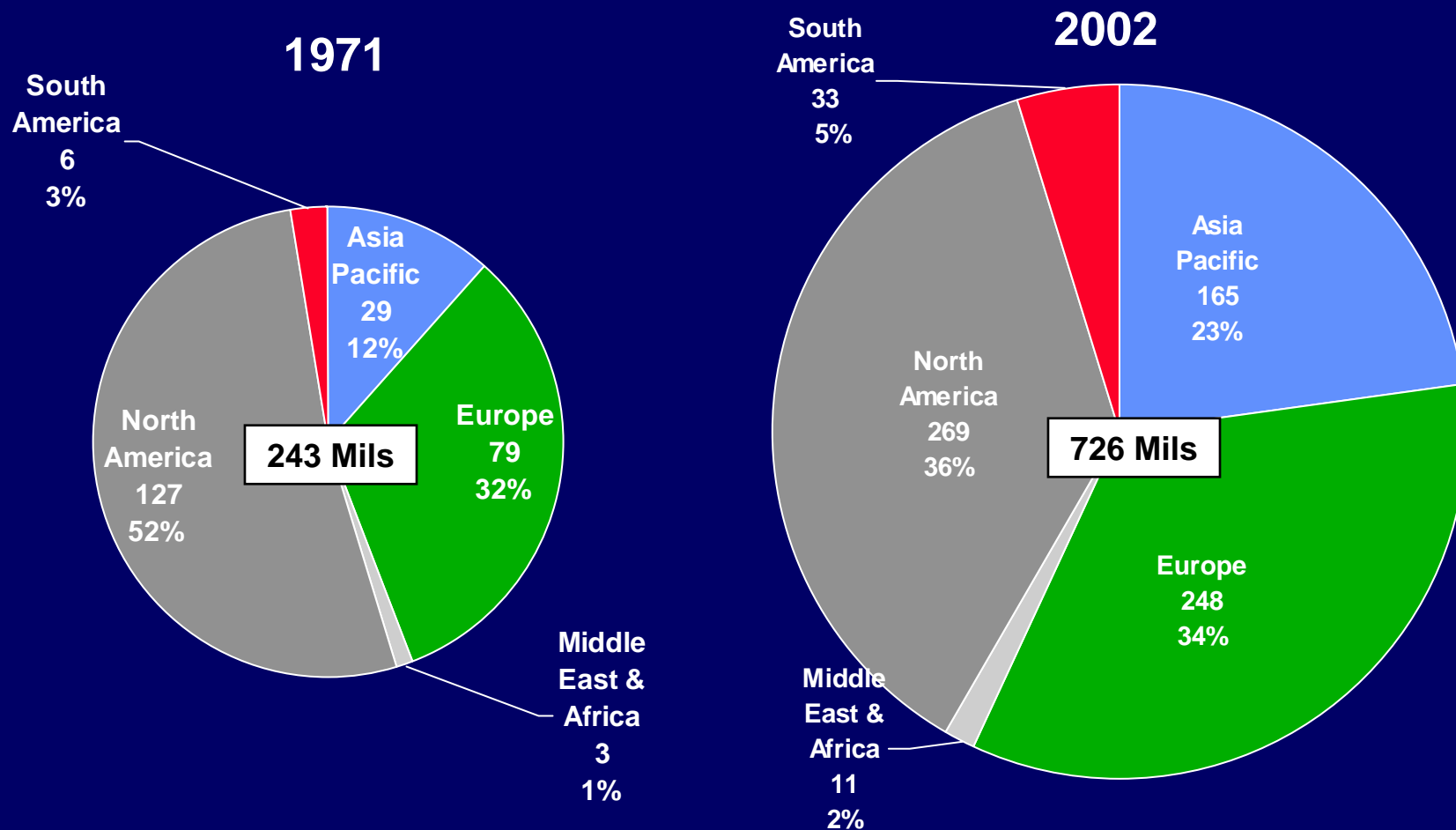


Source: U.S. Department of Labor, Eurostat and Ford Motor Company



Vehicles in Operation

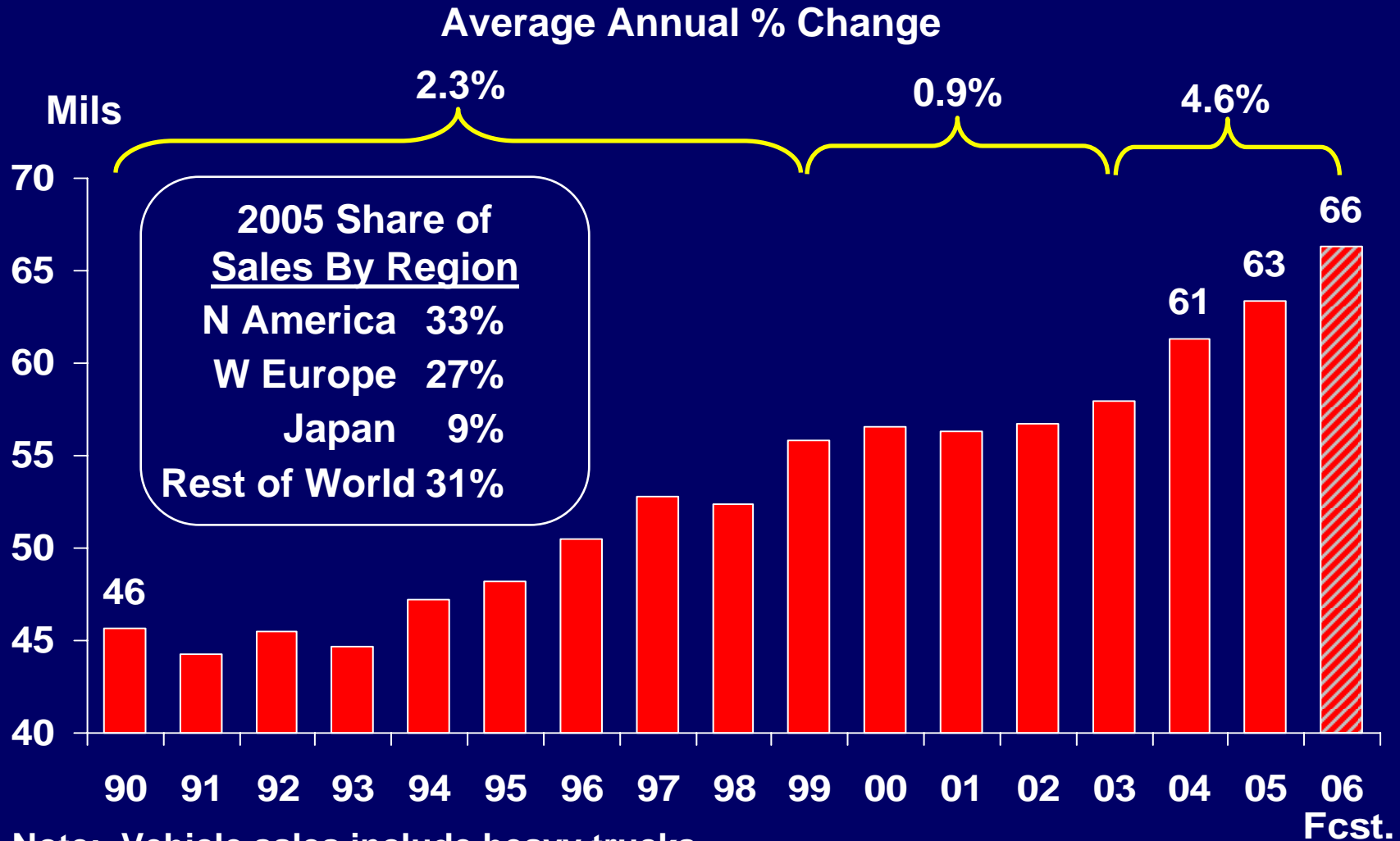
Average annual growth of 3.6% during last 30 years



Source: OECD



Global Vehicle Sales



Note: Vehicle sales include heavy trucks

Source: Ford Motor Company

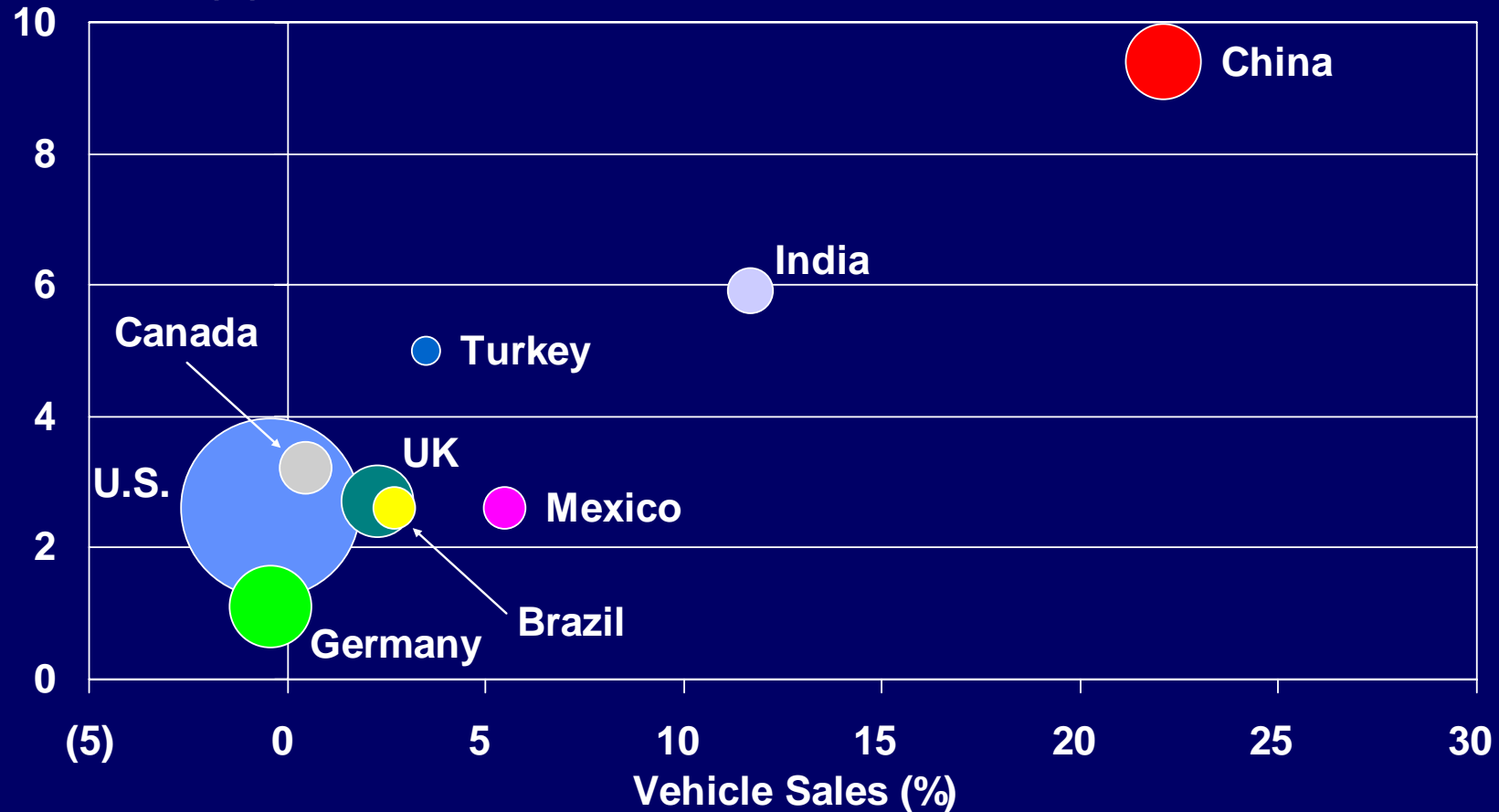


Real GDP and Vehicle Sales

Average annual growth during 2000-2005

Bubble size represents relative real GDP level in 2006

Real GDP (%)



Source: Ford Motor Company



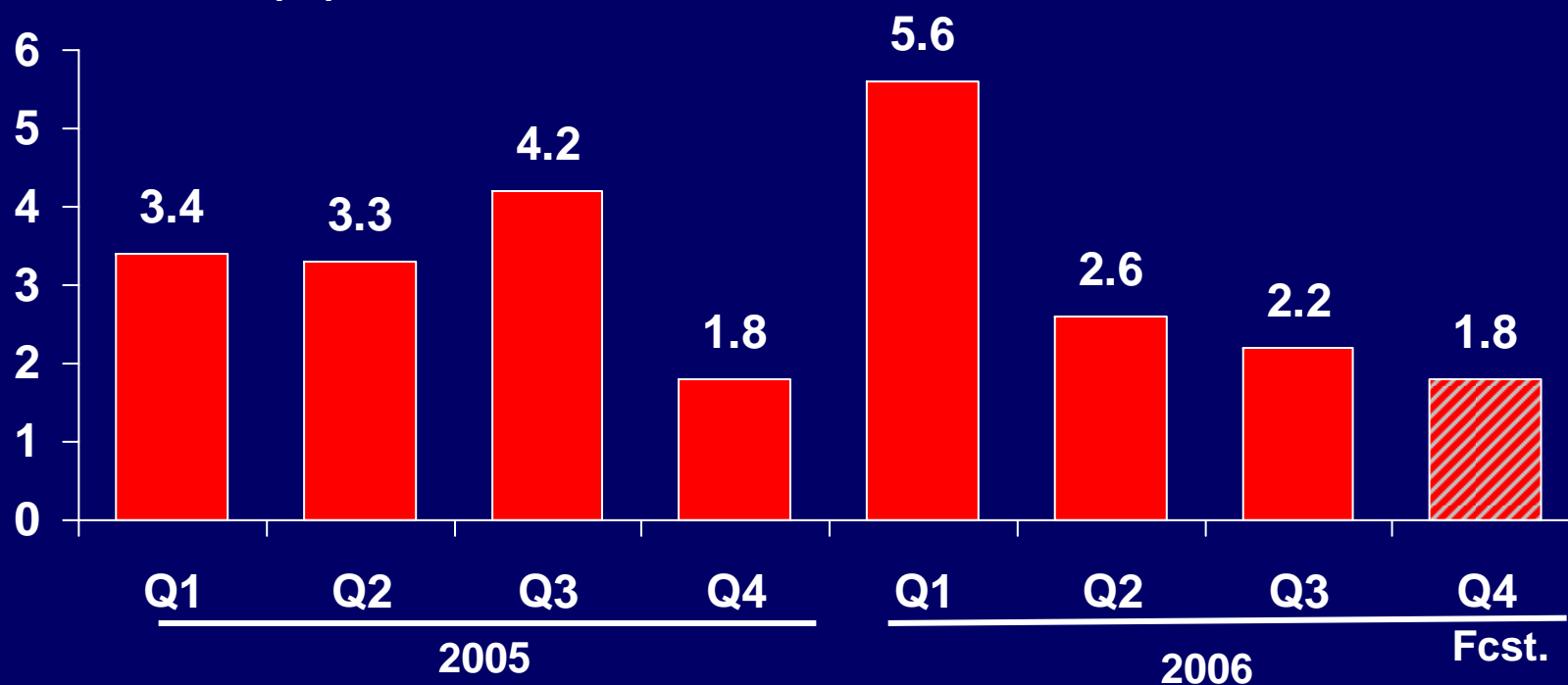
U.S.



U.S. Economic Outlook

	<u>2005 Act.</u>	<u>2006 Fcst.</u>	<u>2007 Fcst.</u>
GDP Growth*	3.2%	3.3%	2.5%
Inflation*	3.4%	3.3%	2.5%

Annual Rate (%)



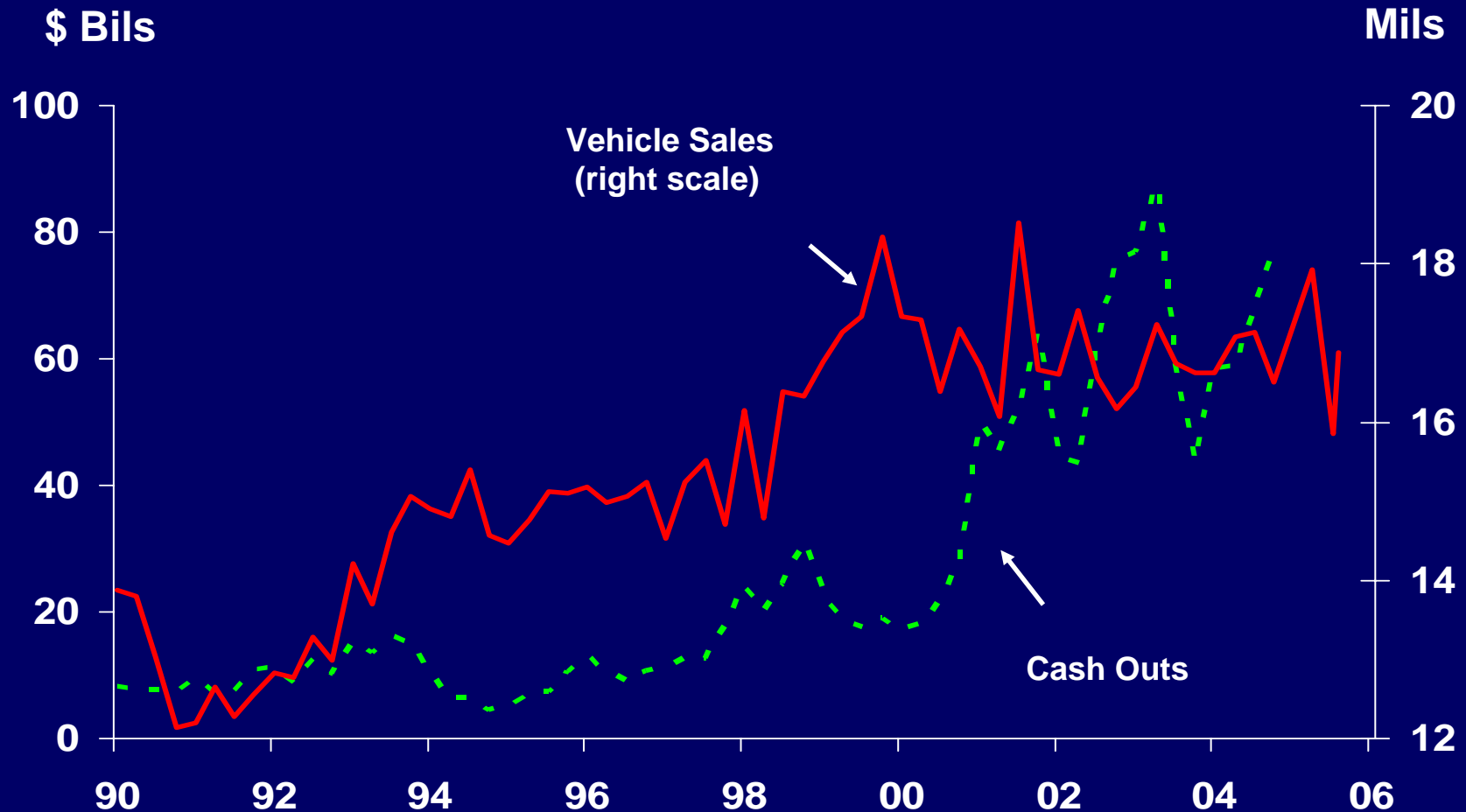
* % Change From Prior Year

Source: U.S. Department of Commerce and Ford Motor Company



Mortgage Cash Outs and Vehicle Sales

Cash outs don't explain rise in vehicle sales during late 1990s

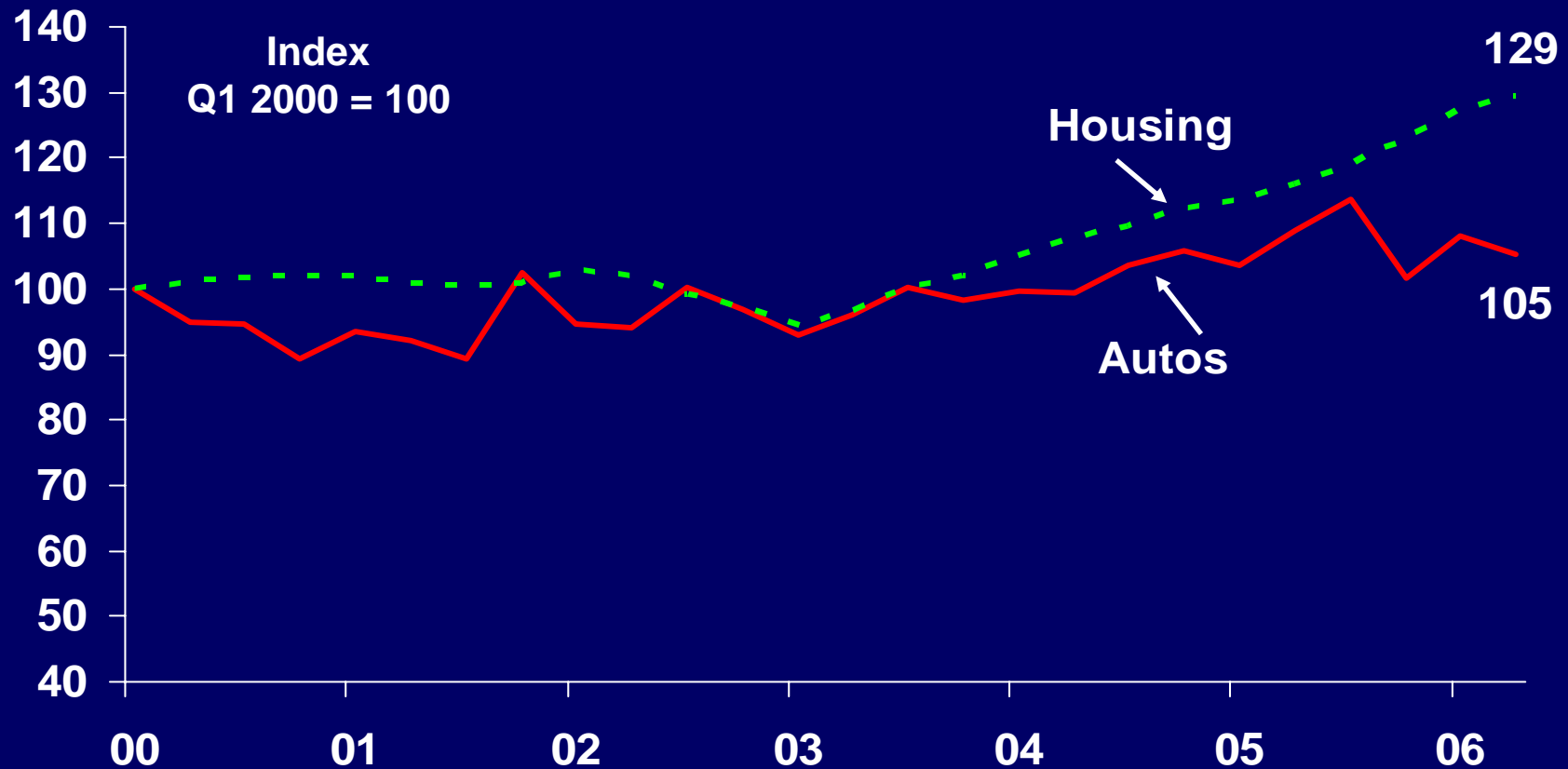


Source: U.S. Department of Commerce and Federal Reserve



Spending on Housing and Autos

Since early 2003, de-coupling of housing and autos spending trends -- Spending on housing grew by \$160 billion since 2000, while autos grew by \$24 billion



Housing Starts and Vehicle Sales



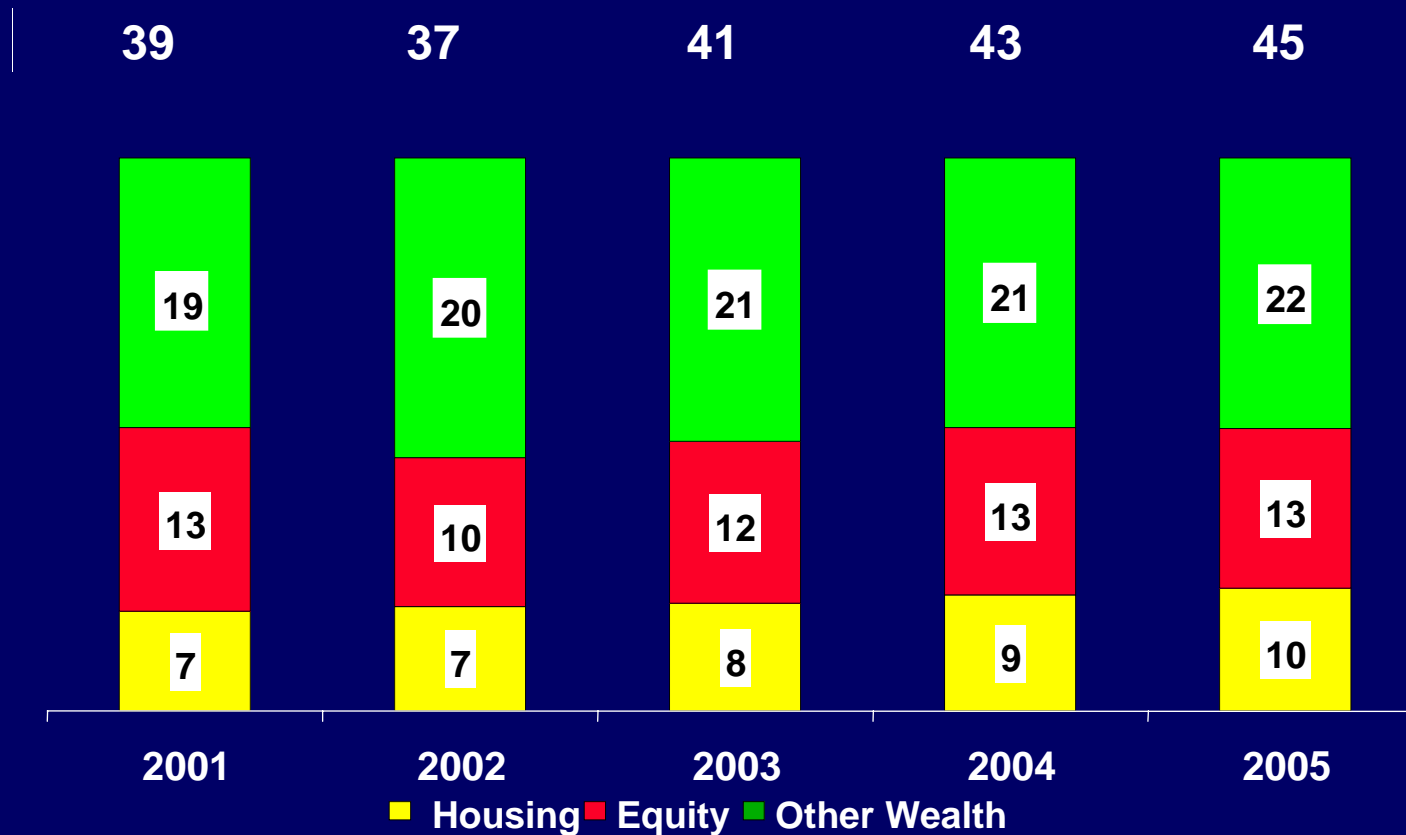
Note: Vehicle sales include heavy trucks

Source: U.S. Department of Commerce



Real Household Net Wealth*

Real estate represents 75% of cumulative net wealth gains since 2001



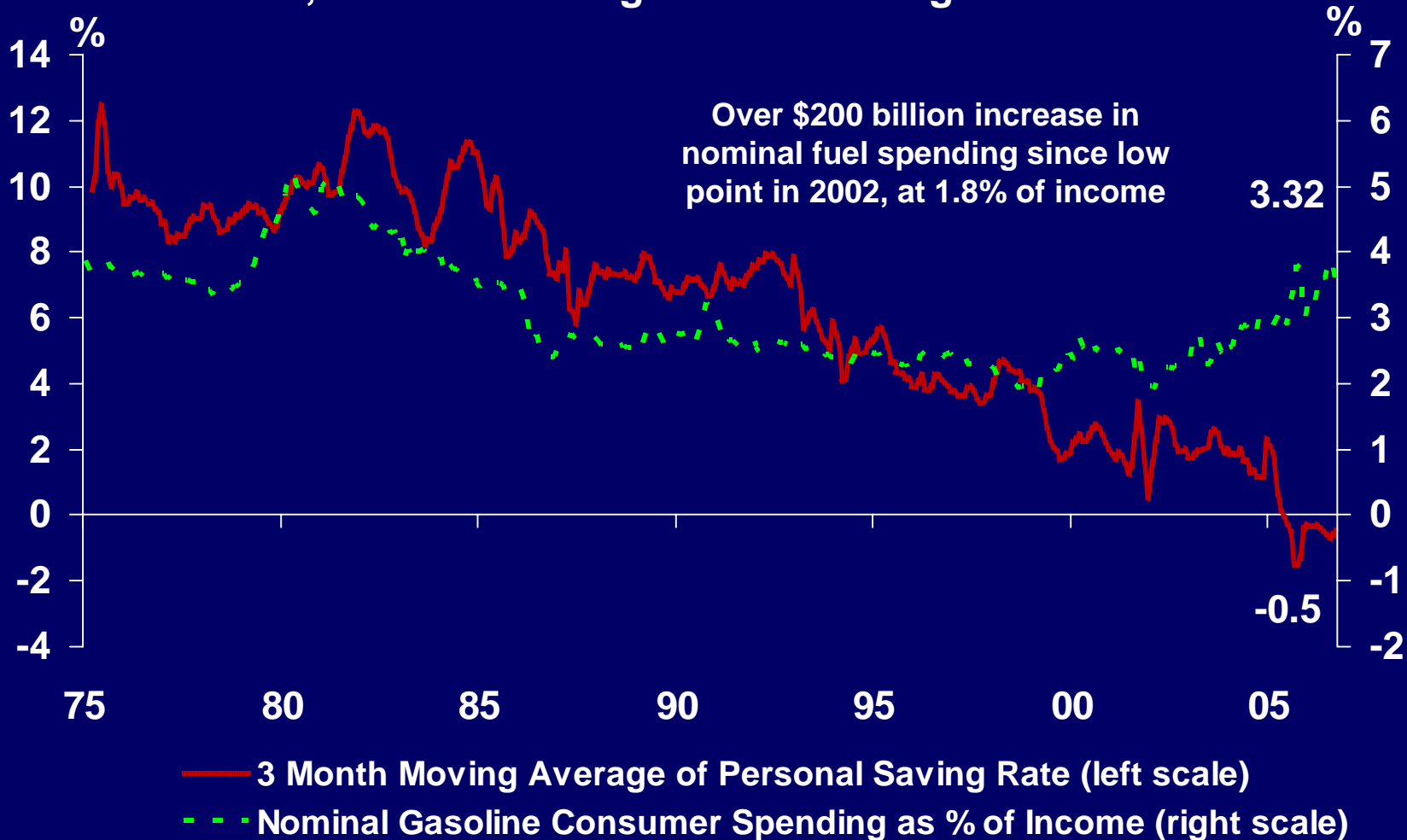
* Measured in \$2000 Trillions

Source: Federal Reserve



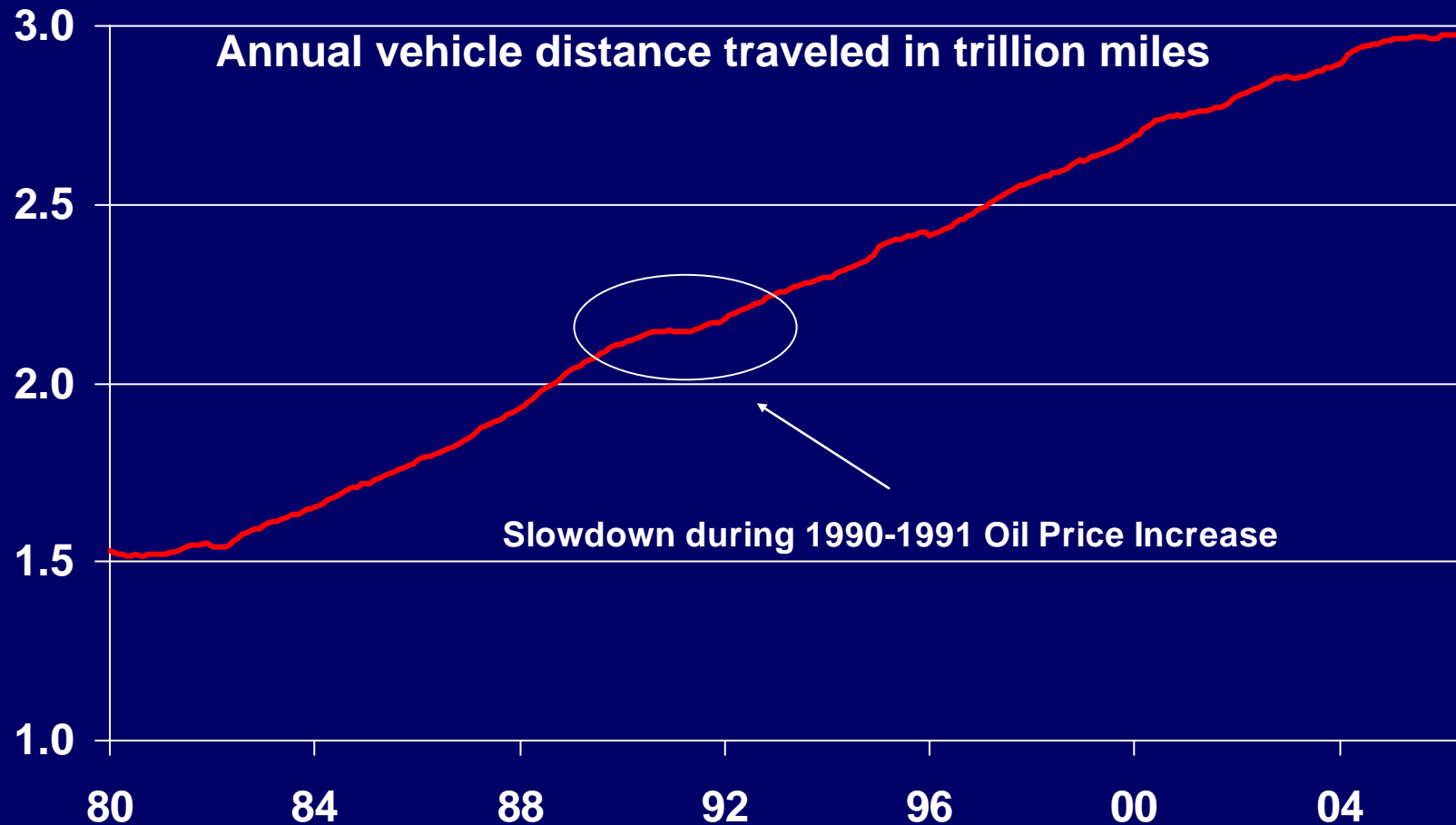
U.S. Consumer Spending on Gasoline

Gasoline and fuel oil spending has exceeded 3% of consumer incomes since mid-2005, while the saving rate turned negative

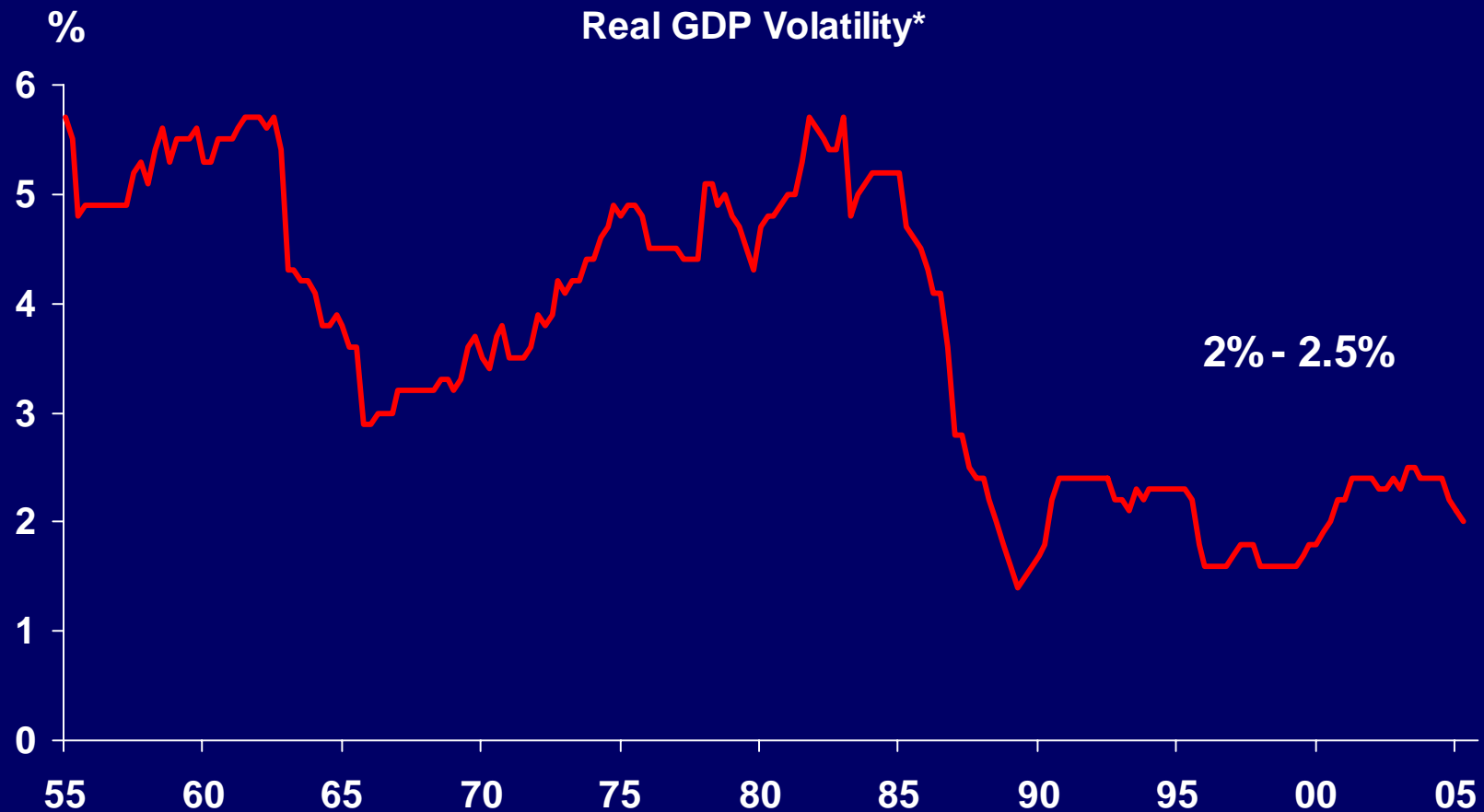


Vehicle Miles Traveled (VMT)

VMT growth slowed to 1.3% annualized increase since April 2003, down from 2.4% in prior 10 years



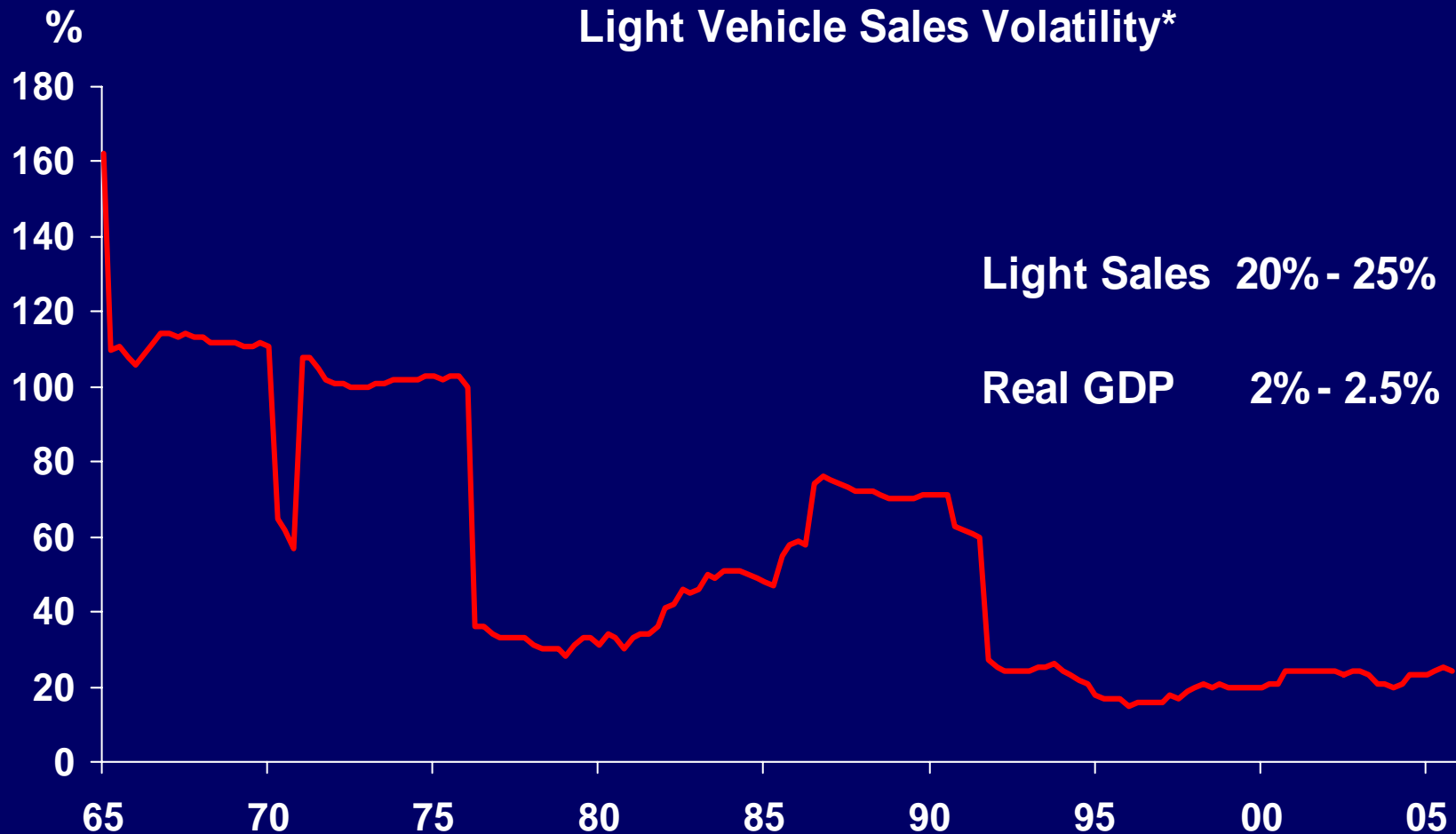
Volatility in U.S. Economy Has Fallen



* Standard deviation of real GDP growth over previous 20 quarters

Source: U.S. Department of Commerce and Ford Motor Company

So Has Light Vehicle Sales Volatility...



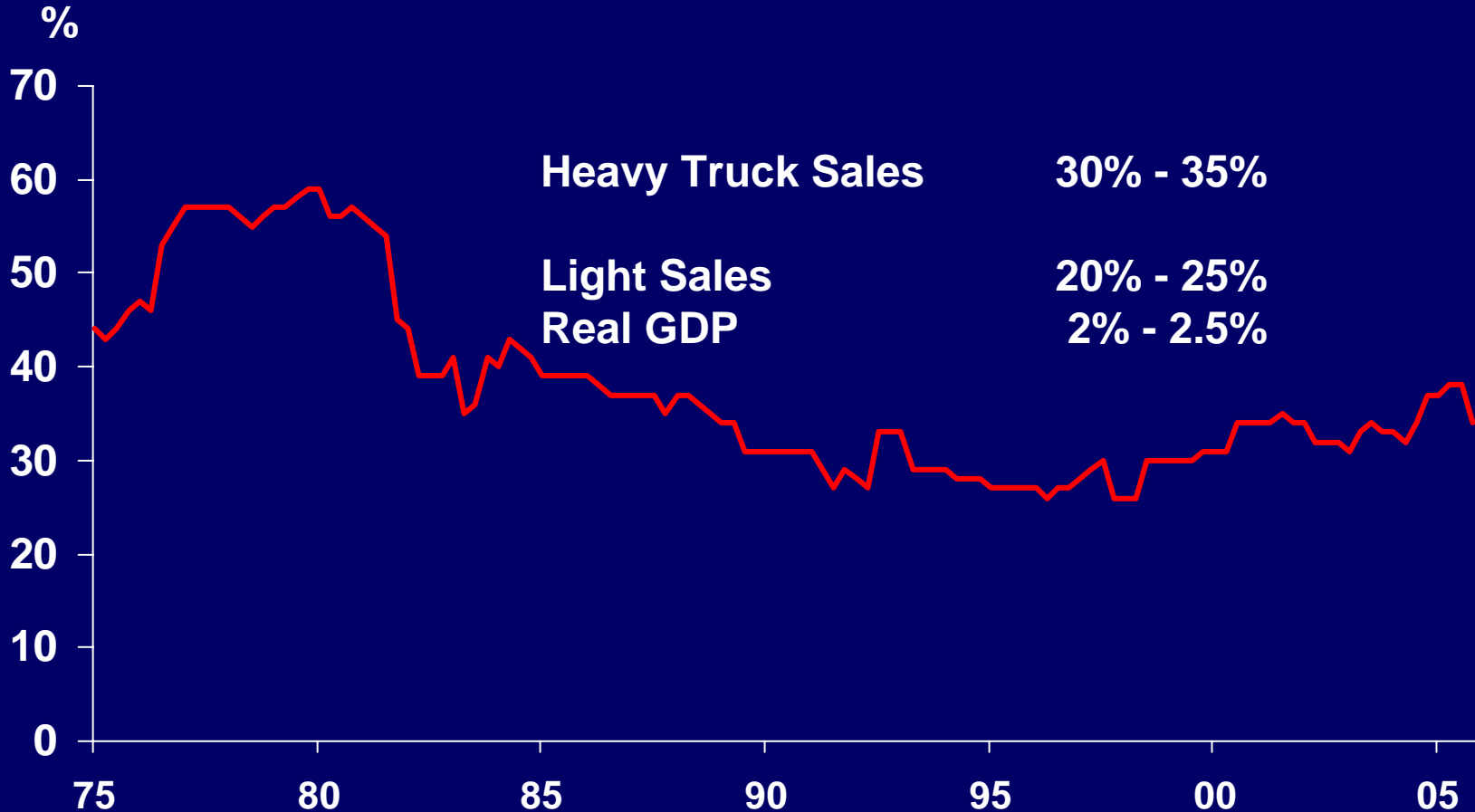
* Standard deviation of light vehicle sales growth over previous 20 quarters

Source: U.S. Department of Commerce and Ford Motor Company



But Different for Heavy Truck Sales

Heavy Truck Sales Volatility*



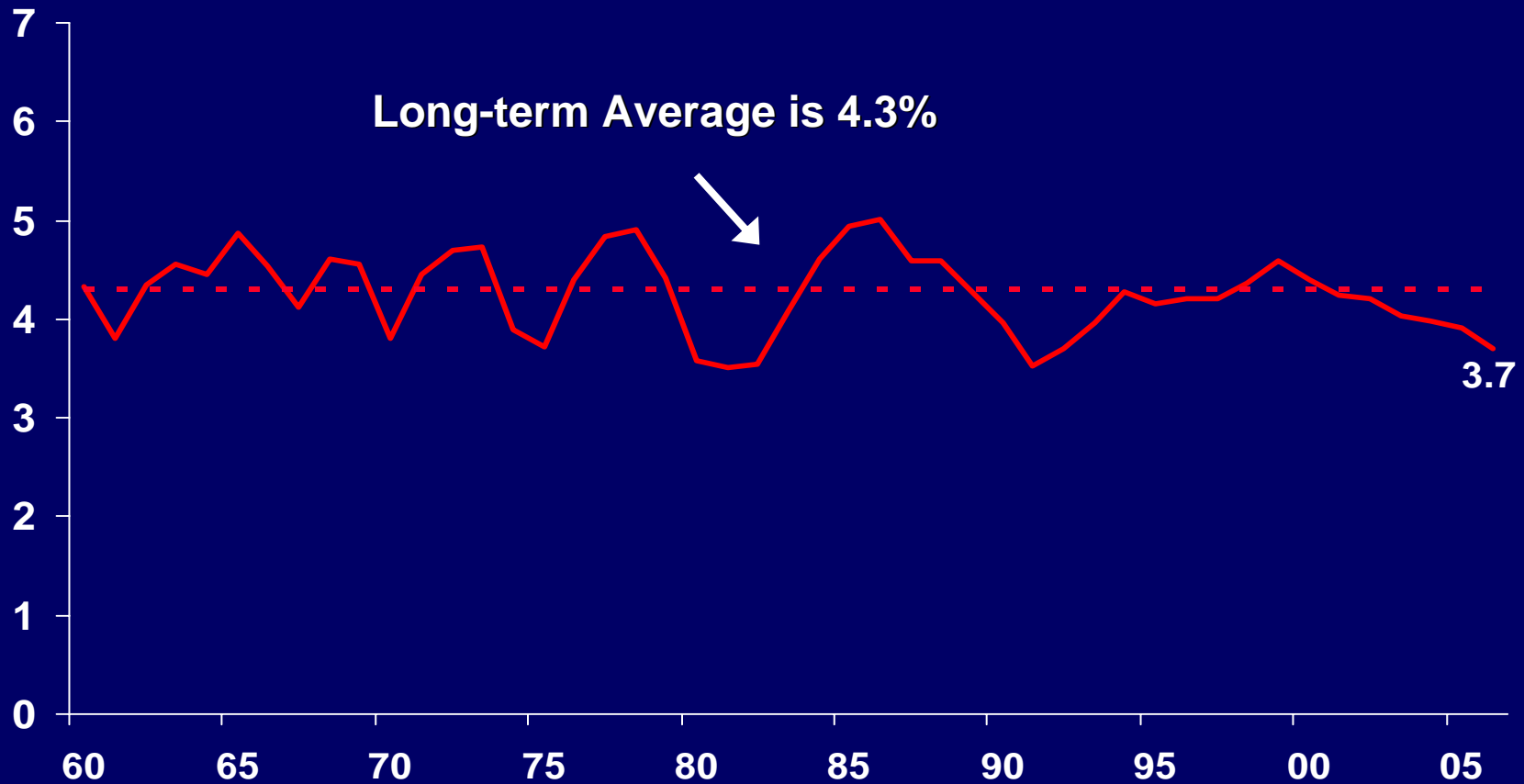
* Standard deviation of heavy truck sales growth over previous 20 quarters

Source: U.S. Department of Commerce and Ford Motor Company



Auto Spending Trends

% of GDP

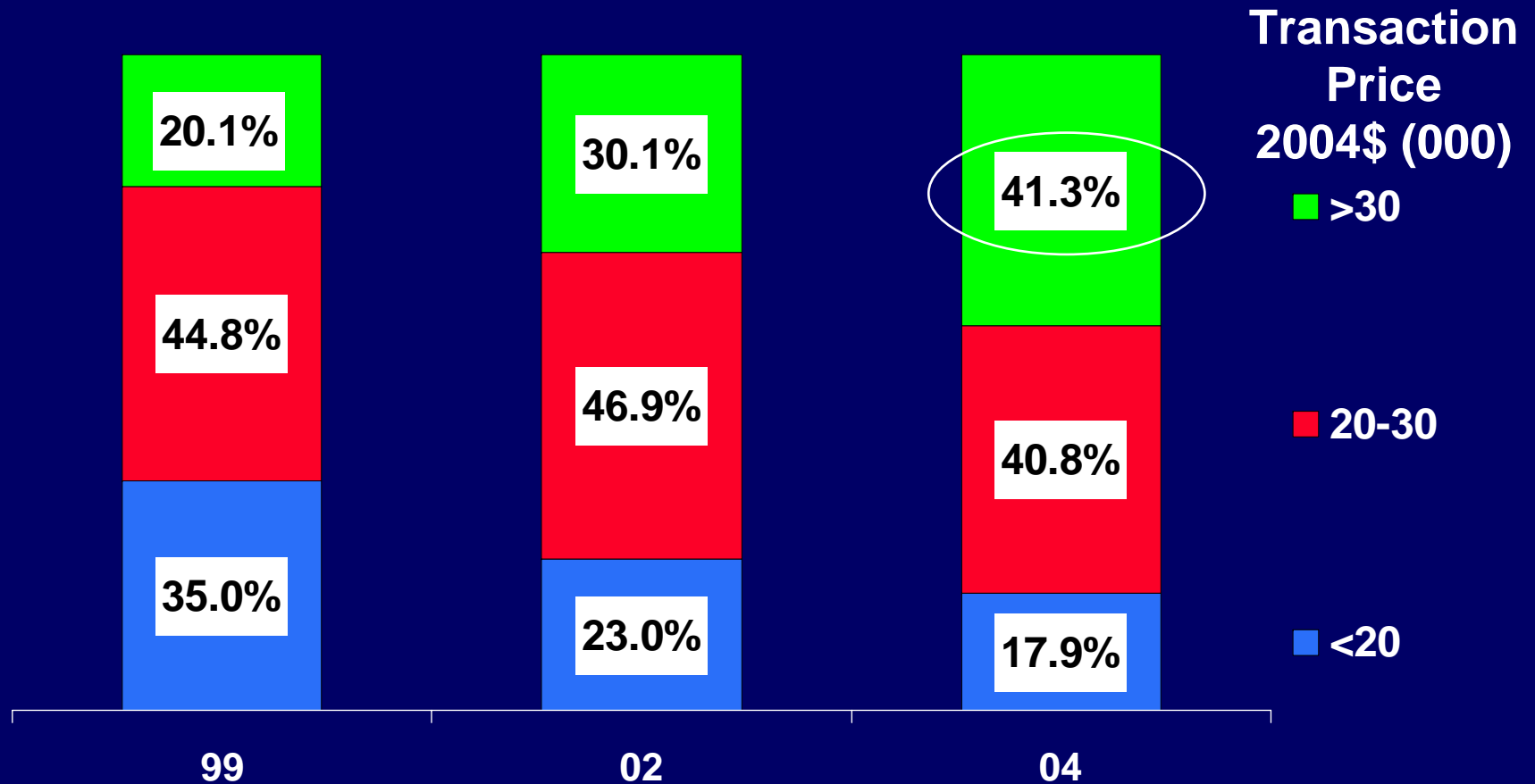


Source: U.S. Department of Commerce and Ford Motor Company



U.S. New Vehicle Sales

In 2004, over 40% of sales included transactions prices above \$30,000



Source: Ford Motor Company

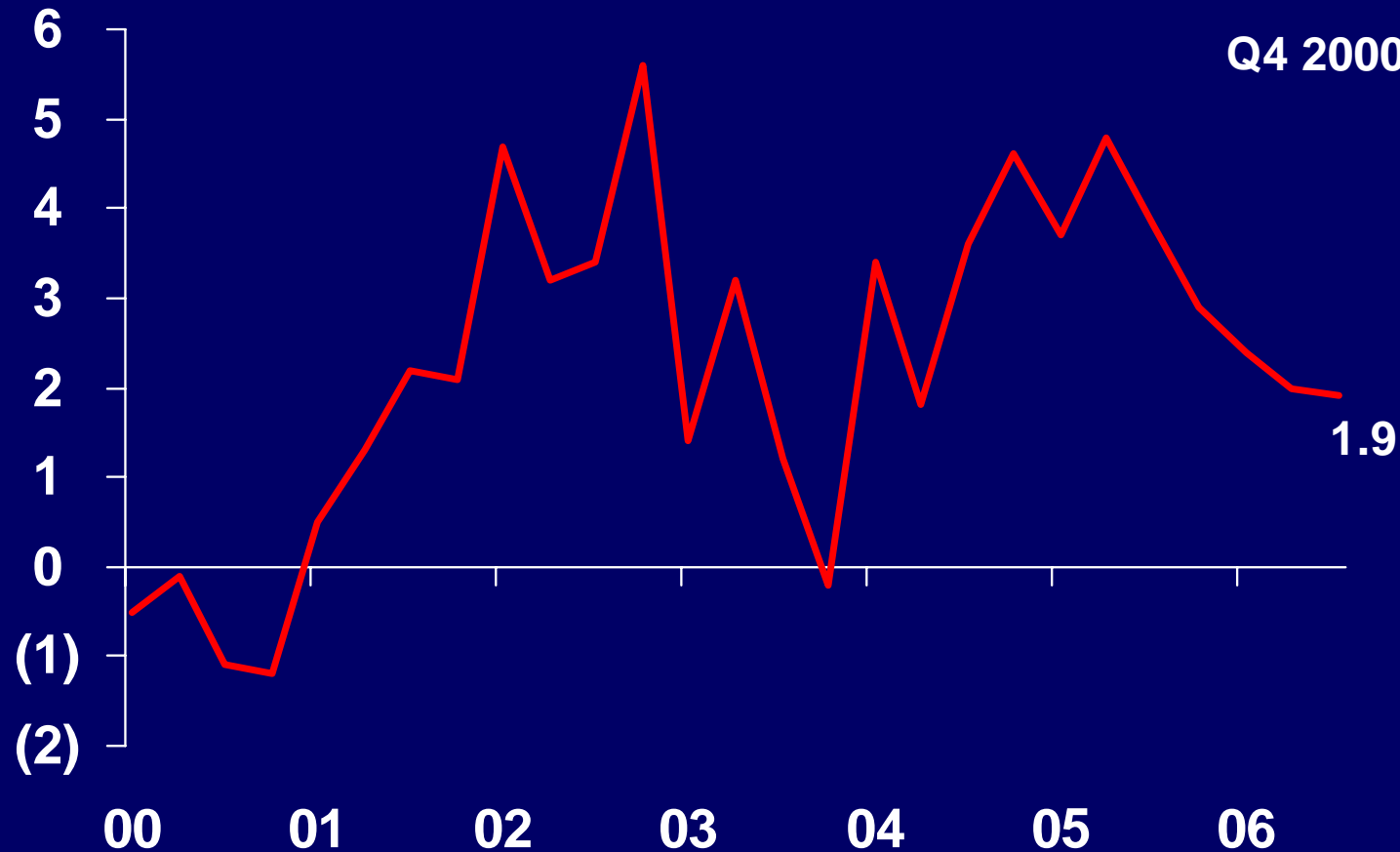


New Vehicle Average Transaction Prices

% Change Over Year Ago

Avg. Trans. Price Q3 2006: \$27,356

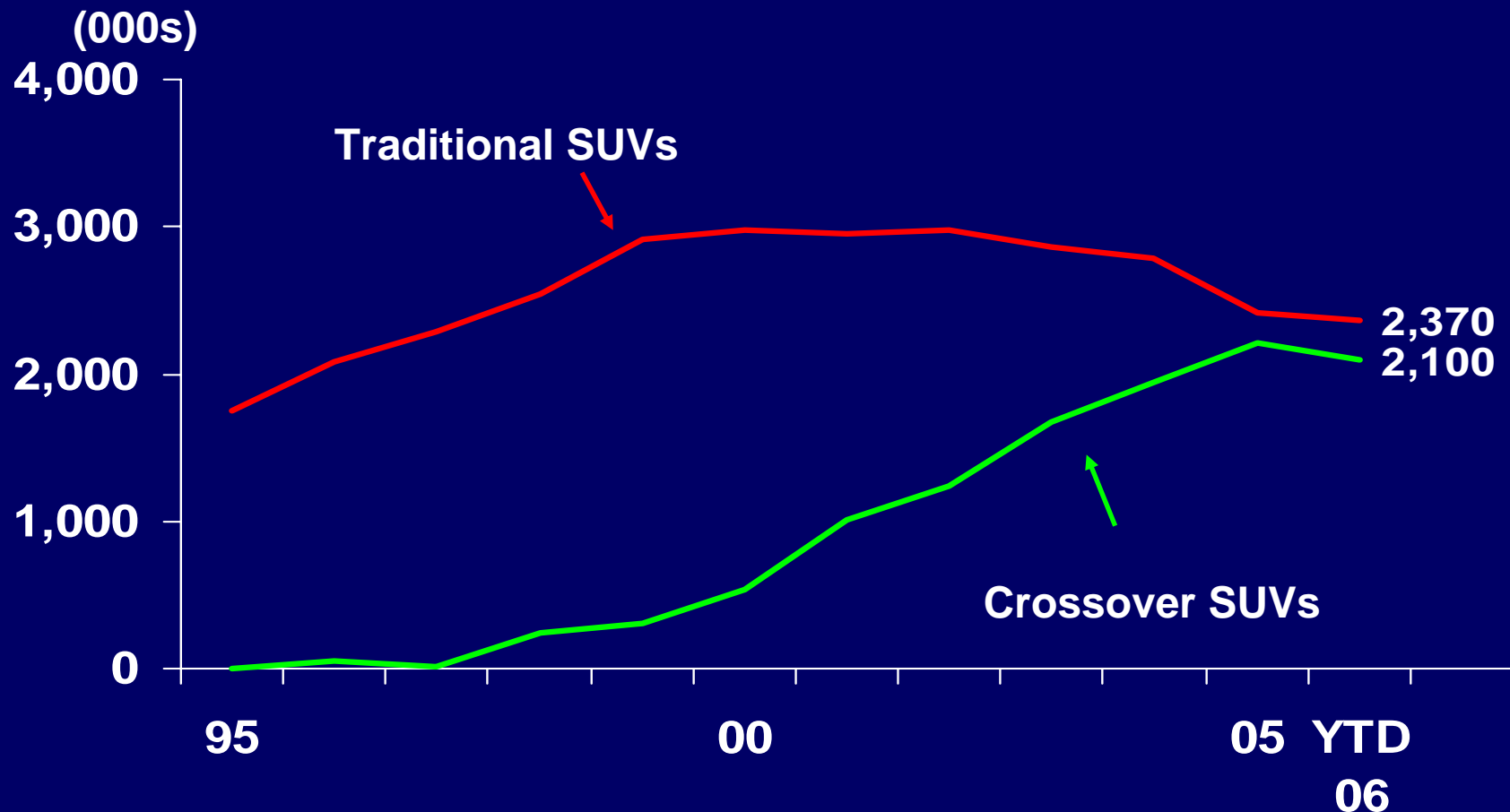
Q4 2000: \$24,277



Source: U.S. Department of Commerce and Ford Motor Company



SUV and Crossover Sales



Memo:

Crossover

As % of Total

0

15

48

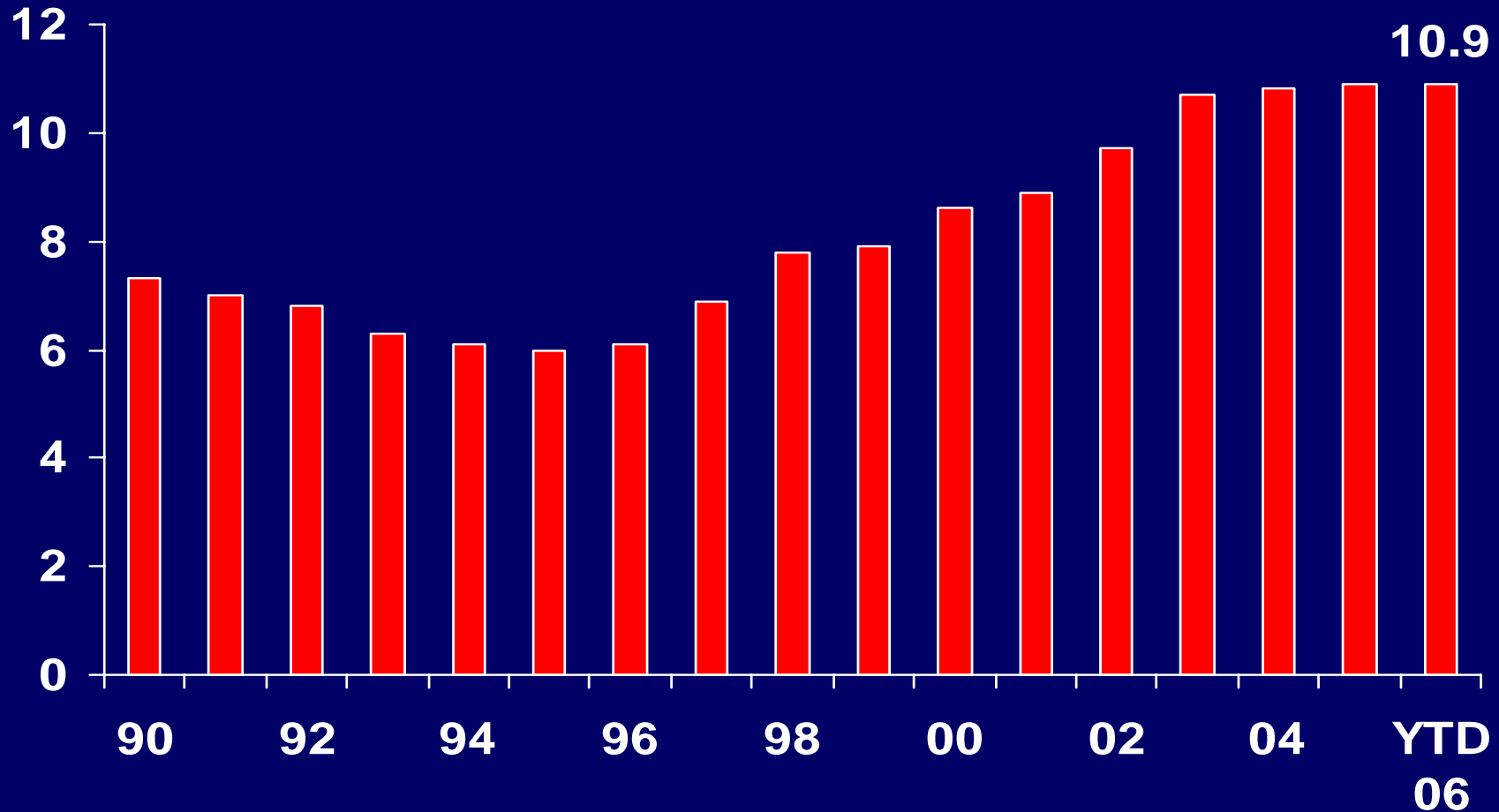
53

Source: U.S. Department of Commerce and Ford Motor Company



Premium Vehicle Sales

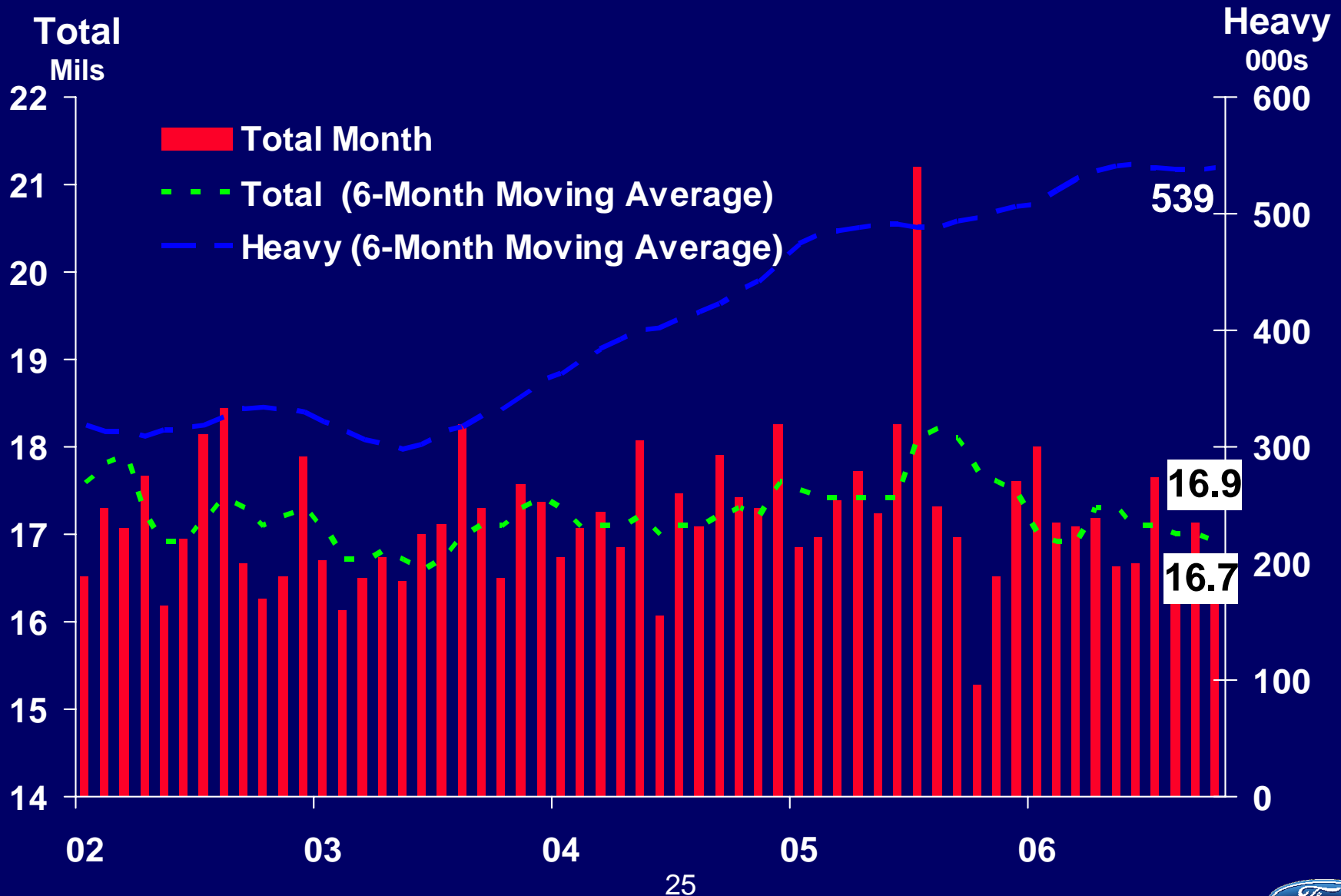
% of Total



Source: U.S. Department of Commerce and Ford Motor Company



Vehicle Sales



Source: U.S. Department of Commerce



Business Outlook

	Real GDP*			Inflation*			Vehicle Sales	
	2005 Act.	2006 Fcst.	2007 Fcst.	2005 Act.	2006 Fcst.	2007 Fcst.	2005 Act. (Mils)	2006 Fcst. (Mils)
Canada	3.3%	3.0%	2.7%	2.2%	2.2%	2.0%	1.63	1.65
Mexico	3.0	4.0	3.5	4.0	4.0	4.0	1.16	1.19
U.S.	3.2	3.3	2.5	3.4	3.3	2.5	17.5	17.0
Germany	0.9	2.3	1.5	1.9	1.9	2.3	3.62	3.75
UK	1.9	2.4	2.5	2.0	2.3	2.3	2.83	2.74
China	10.2	10.5	9.5	1.8	1.5	2.5	5.82	7.20

* % Change From Prior Year



Summary

- **Global economic and industry conditions have been very favorable, with several markets reaching the “take-off” stage of vehicle buying**
- **Near-term U.S. light vehicle sales projected to stay above 16.5 million units for eighth consecutive year**
- **Characteristics of U.S. market are dynamic with buyers moving upscale and toward a growing crossover segment**

Forecasts contained in this presentation are based on current assessment of economic and industry conditions. Risk factors (e.g., significant changes in the economic environment) would alter the economic and industry forecasts.