Ford To Boost Production Of Focus, Escape

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DEARBORN, Mich. (AP) — Ford said Thursday it will build more of its popular Focus and Escape models and boost total vehicle production later this year to help dealers restock depleted showrooms.

The automaker needs to keep up with demand for its Focus compact car and Escape crossover, both ranked as top sellers under the federal government's Cash for Clunkers program. The company also wants to roll out a reasonable amount of cars and trucks following earlier production cuts. That way, dealers won't run short on hot models in the final months of this year.

Cash for Clunkers, which kicked off last month and has revived industry sales for the moment, uses rebates of up to $4,500 to entice drivers to trade in older, gas guzzlers for more fuel-efficient vehicles. To be eligible, vehicles must have combined city/highway mileage of 18 mpg or less when they were new.

Ford Motor Co.'s overall North American vehicle production in the third quarter will be 2 percent higher than it forecast earlier, and 18 percent higher than a year ago. It also plans to boost its fourth-quarter output of cars and trucks by 33 percent from a year earlier.

Those increases, however, compare with slashed production levels from last year, primarily for pickup trucks and sport utility vehicles, whose sales dropped because of high gas prices.

Funding for the Clunkers program is likely to run dry by September, the company said, but the additional vehicles produced in the quarter will go to replenish tight dealer stocks. Vehicles that roll off assembly lines as part of the production boost should reach showrooms by early September.

"That should give us some time to reload before 2010 begins," said George Pipas, Ford's top sales analyst.

He added that dealers will be coping with "historically relatively low inventories for some time to come. We're proceeding very cautiously."

The company has a 21-day supply of Escapes and a 25-day supply of the Focuses, meaning, at current sales levels, dealers could run out in that many days.

At the end of July, Ford had nearly 300,000 vehicles in stock, a 48-day supply, the industry average, according to Ward's AutoInfoBank. Ford typically maintained a 70-day supply of vehicles earlier this year, Pipas said.

He said there would probably be some drop-off in sales when the program ends,

although Clunkers will have succeeded in providing a small kick-start to the economy.

Ford, which has steadily gained sales since General Motors and Chrysler took government aid and went through bankruptcy proceedings, reported a year-over-year sales increase of 2.4 percent in July, the first such jump since November of 2007.

The Dearborn, Mich.-based company is the latest automaker to raise production.

Honda Motor Co. is adding Saturday overtime shifts at its auto assembly plants in East Liberty, Ohio; Lincoln, Ala.; and Greensburg, Ind. Its Civic sedan ranks as a top Clunkers seller and is built in Greensburg and Alliston, Ontario.

Toyota Motor Corp. last month began increasing production of "core" models such as the Corolla sedan — a top Clunkers seller — the RAV4 crossover and the Tacoma truck at its U.S. plants.

And Hyundai Motor Co. is recalling more than 3,000 employees at its plant in central Alabama to meet growing demand for its vehicles.

Chrysler is adding overtime at most of its plants to respond to expected demand for its 2010 models, a spokesman said.

GM is being more cautious. Mark LaNeve, GM's vice president of U.S. sales said the company is doing careful analysis on whether to increase production but no final decisions have been made.

Inventories are low, he said, because GM slashed production earlier in the year. But it's unclear whether July's sales momentum will continue through the remainder of the year.

Ford plans to build 10,000 more Focuses and Escapes this quarter. As a result, total production will rise to 495,000 vehicles in the period, up from the 485,000 expected.

The production increase includes more than 6,000 Focuses, which get 35 mpg and rank as some of the biggest sellers under Clunkers. It also includes 3,500 Escape crossovers, among the 10 most popular cars under the program.

The Focuses, which are small, compact cars, will be built at the Wayne Assembly Plant in Michigan, where Ford will add Saturday shifts and weekday overtime to boost production.

The Escapes — 5-passenger crossover utility vehicles which are larger and higher than a passenger car — will roll out of Ford's Kansas City Assembly Plant. Employees there have agreed to work two days during a planned shutdown week in August.

Ford plans to produce 570,000 vehicles in the fourth quarter.

Shares of Ford rose 20 cents, or 2.60 percent, to close at $7.90 Thursday.

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