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WRAPUP 2-National Summit execs wary of more autos turmoil

* Dura sees auto supplier bankruptcies on horizon

* Ford's Mulally says balance sheet in "good shape"

* GM's US June sales tracking ahead of May: CEO

* National Summit to present recommendations to admin (Adds details on auto parts suppliers, Ford; adds comments by GM CEO, other background)

By Soyoung Kim and David Bailey

DETROIT (Reuters) - Top executives at a summit of U.S. business leaders said Wednesday the jury is still out on the timing of a recovery from the worst recession in decades but more bankruptcies in key sectors like autos were likely.

"The next 60 days are going to be very critical. Because we had summer shutdowns, it's a cash-tight period for suppliers," Tim Leuliette, chief executive of auto parts supplier Dura Automotive Systems, told Reuters Television on the sidelines of the National Summit in Detroit.

The Obama administration, which made $5 billion available to guarantee receivables that struggling General Motors Corp and Chrysler owed suppliers earlier this year, rejected a request by suppliers Tuesday for up to $10 billion in additional loan guarantees.

"The absence of that money will bring bankruptcies," Leuliette told Reuters Television in an interview.

Auto parts suppliers already under stress from the swift economic turndown in the United States last year and into 2009 have been hammered by broad production shutdowns at Chrysler and GM as those companies go through sales in bankruptcy.

"The supply base and the health of it is important for the entire industry," Ford Motor Co Chief Executive Alan Mulally told reporters at the summit Wednesday. "Everyone's watching it and everyone's going to be very careful."

Ford, the No. 2 U.S. automaker, has avoided bankruptcy protection unlike GM and Chrysler, but does not expect to get back to profitability until 2011.

The automaker has been improving its balance sheet and expects those efforts to accelerate as it turns toward profitability, Mulally said.

The summit, bringing together executives, academics and politicians to discuss key issues facing America, was held 18 months into a recession that has left no industry unscathed and pushed unemployment to its highest level in 26 years.

The Detroit Economic Club, which sponsored the summit, expects to compile a report and issue recommendations within six to eight weeks. Those recommendations will be taken to the Obama administration with the assistance of U.S. Commerce Secretary Gary Locke, who spoke at the conference Tuesday.

Asked whether it would take until fall to bring the recommendations in front of the Obama administration, event co-chair Bill Ford said, "probably, given that it will take some time to synthesize all of this."

Initially, the discussions will probably be pursued privately, Ford, executive chairman of Ford Motor Co, told reporters.

STILL WARY ABOUT THE RECOVERY

Many business leaders over the meeting's three days have expressed extreme caution about the pace and nature of recovery from the economic slump.

Auto sales -- usually accounting for more than 10 percent of monthly U.S. consumer spending -- were down about 37 percent through the first five months of 2009. But May sales, supported by high incentives, were the strongest so far in 2009.

"Have we hit bottom? I think the period we're going through right now will be the worst," Leuliette told Reuters. "We're not going out to party, but we do not see it getting worse."

That wary sentiment still prevails among business leaders who are seeing mixed signals in economic indicators.

"I think the biggest declines are behind us and we should see a return to growth by the end of 2009," Scott Davis, chief executive and chairman of United Parcel Service Inc, told reporters at the summit Tuesday.

"It will just take some time to work our way through this thing," Davis said, adding that UPS was not changing strategy.

"We need to see improvement in this economy before we change," Davis said.

UPS, like its main rival FedEx Corp, is considered a bellwether of U.S. economic activity. In reporting earnings Wednesday, Fedex said its outlook was also clouded, though there were signs the worst of the recession was over.

GM Chief Executive Fritz Henderson told reporters the automaker's U.S. sales in June were tracking ahead of May so far this month, continuing a trend of gradual improvement that began earlier in 2009.

GM, the No. 1 U.S. automaker, filed for bankruptcy on June 1 and had warned that it had expected the filing to scare off American consumers.

U.S. auto sales were down 37 percent through the first five months of 2009. Boosted by aggressive discounting, May sales were the strongest month of 2009, giving the beleaguered industry some hope the market could be nearing a bottom after a four-year decline.

"In terms of retail, June sales are moving along just fine," Henderson said. "I think the fact is that we've reassured customers that we're open for business."

Locke said Tuesday at the summit that the economic recovery would be an uneven affair.

"It's not going to be overnight," Locke said. "We are seeing the rate of decline starting to slow down and in some cases moving back up, but it is not even across all the sectors."

He added: "It is going to take many years to get back to where we were before and there is going to be a lot of anxiety and a lot of pain along the way." (Writing by Peter Bohan. Reporting by Soyoung Kim, David Bailey, Kevin Krolicki, Poornima Gupta, Nick Carey and James Kelleher, editing by Matthew Lewis)

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