

DAIMLERCHRYSLER

Outlook for the Auto Industry

Federal Reserve Bank of Chicago
Annual Automotive Outlook Symposium
June 4, 2004

2004 U.S. Outlook: Risk and Opportunities

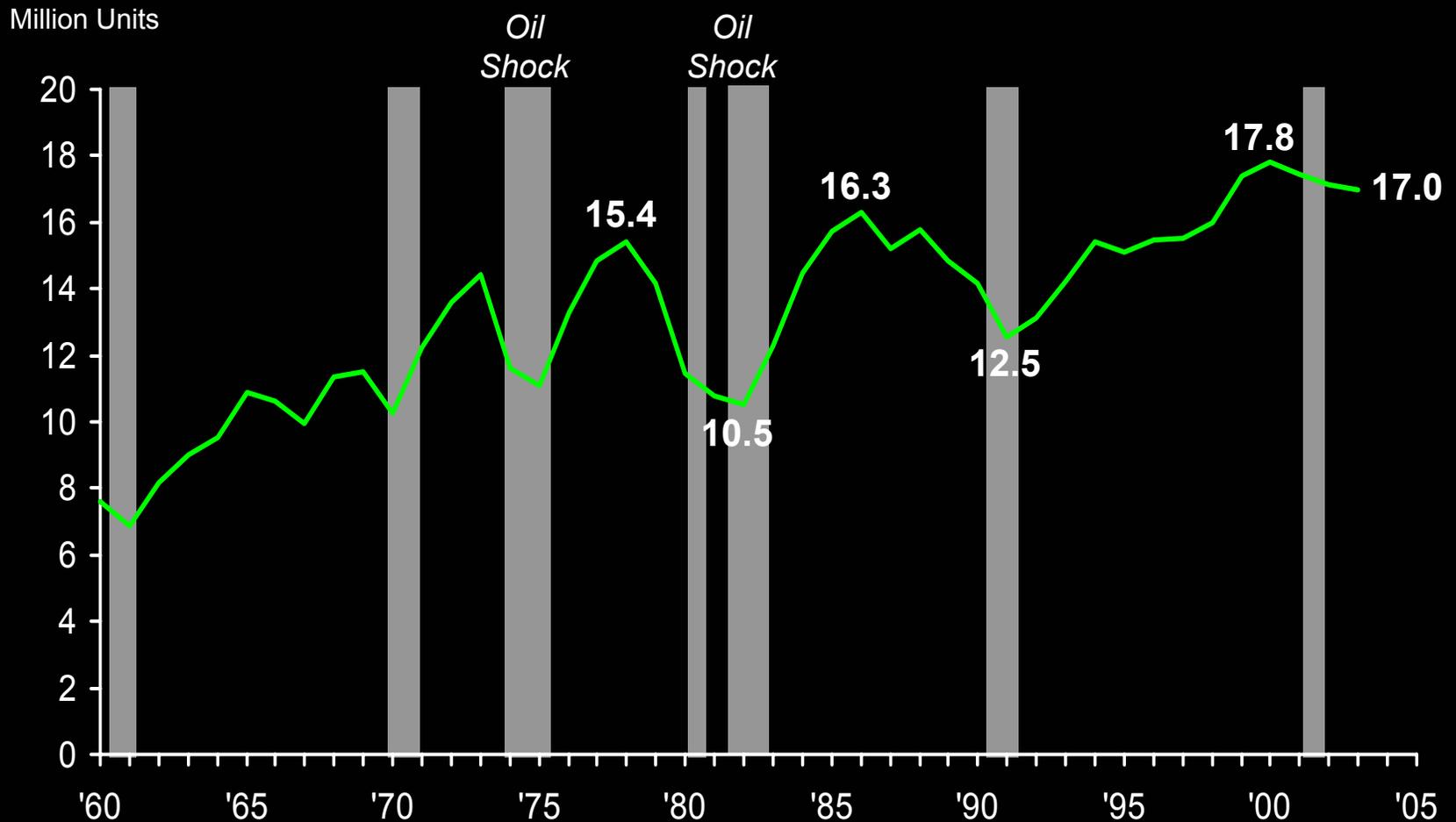
<u>Theme</u>	<u>GDP</u>	<u>Industry</u>	<u>CPI</u>	<u>Key Driver</u>	<u>Oil</u>	<u>Interest Rates</u>
Economy booms	4.5	18.0	2.5	Hiring & investment return	> \$25	Fed raises rates beginning in early 2004
Recovery speeds up	3.5	17.2	2.2	Stimulus pushes growth to trend	\$25	Fed holds steady through mid-2004
Continued weak recovery	2.5	16.5	2.0	Jobless recovery continues	< \$25	Further cuts
Recovery falters	1.5	15.8	1.5	Consumers pull back, savings increase	< \$20	Unconventional monetary policy

2004 U.S. Outlook: Risk and Opportunities

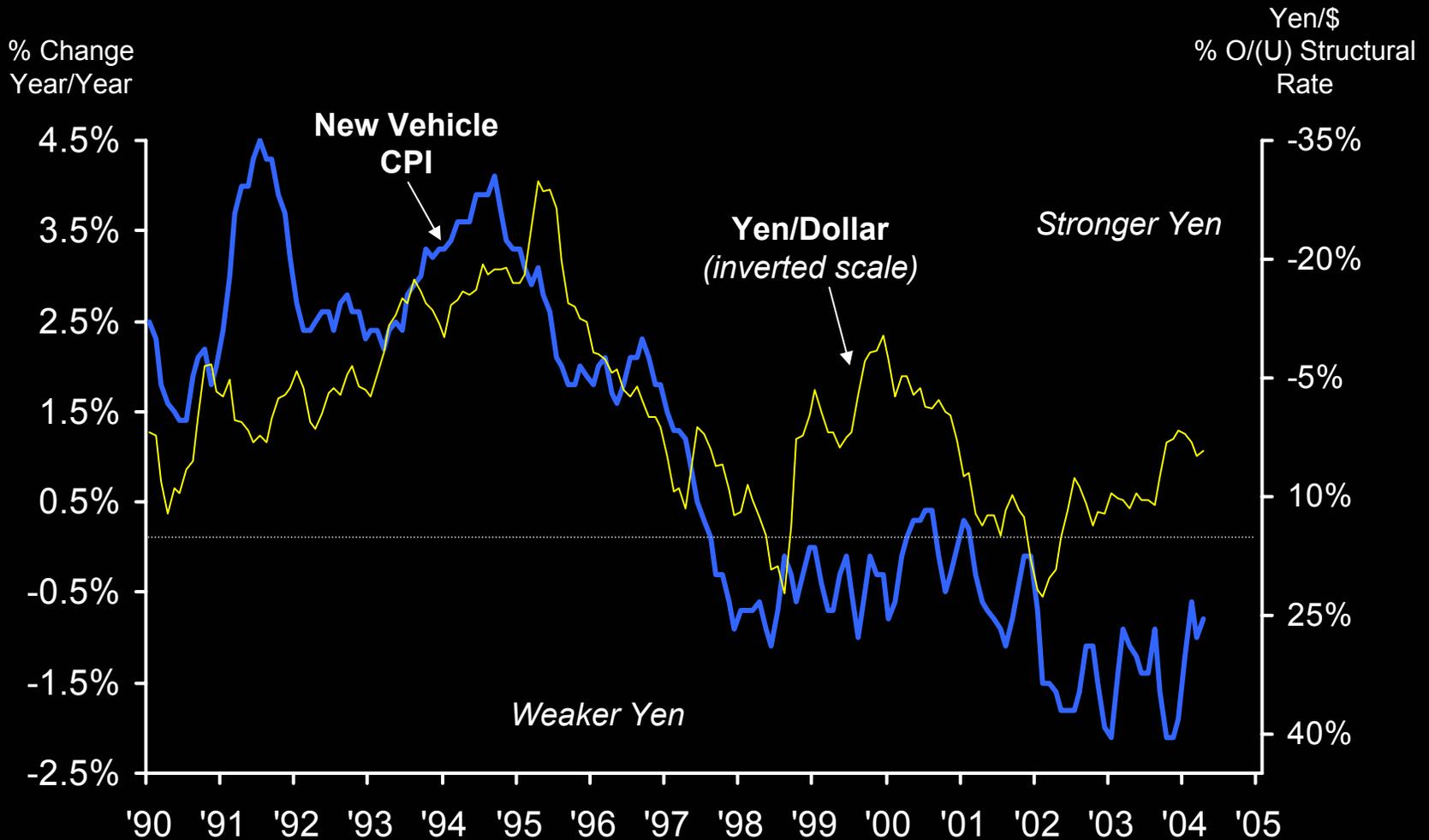
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Economy Booms	5.5	18.0	2.6	All cylinders firing	> \$30	Fed raises rates
Very Strong Growth	4.5	17.5	2.3	Hiring & investment return	> \$25	Fed raises Second half 2004
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Annual Vehicle Sales

U.S. Automotive Industry

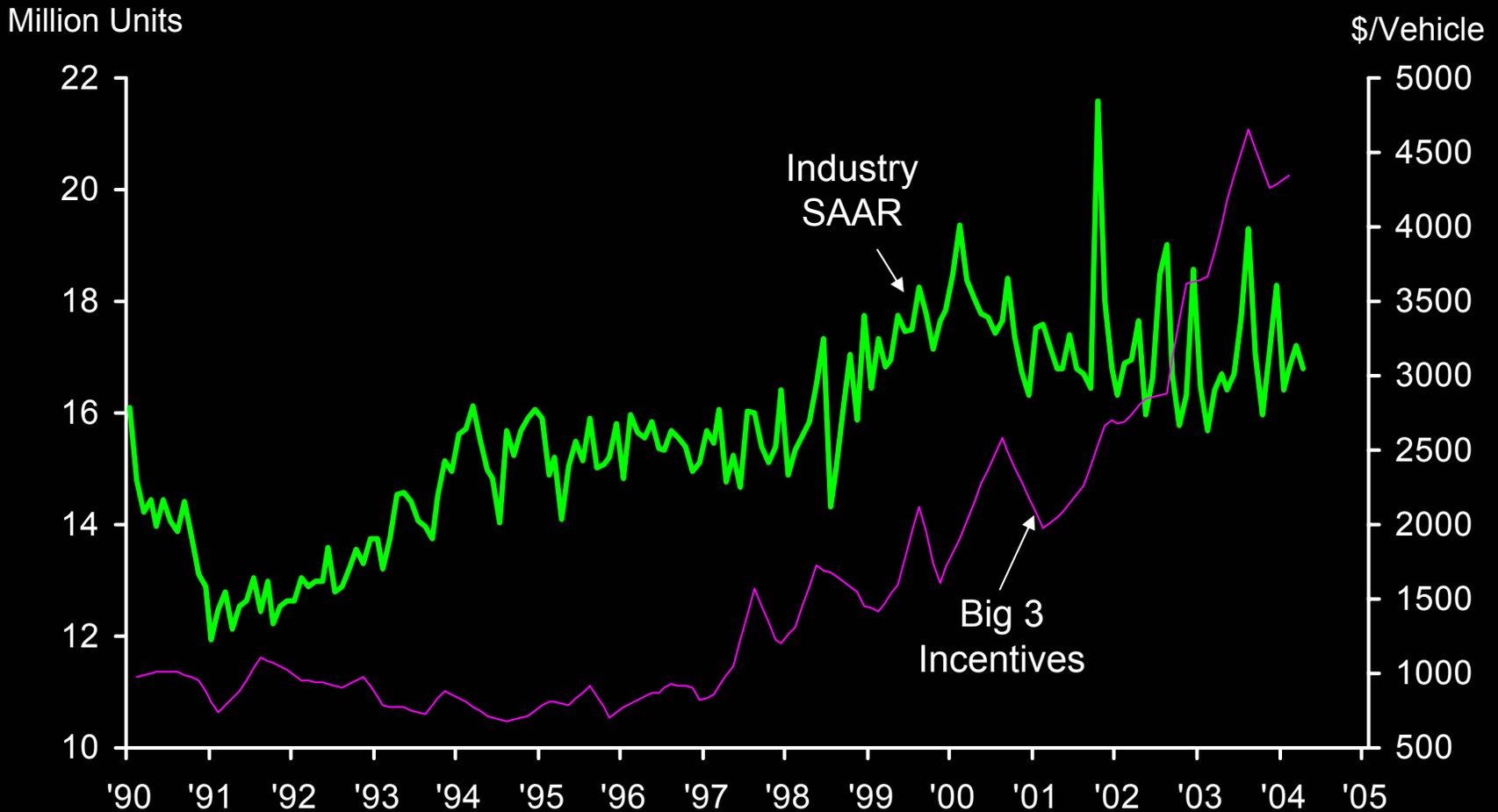


CPI New Vehicles and Yen/Dollar Exchange Rate



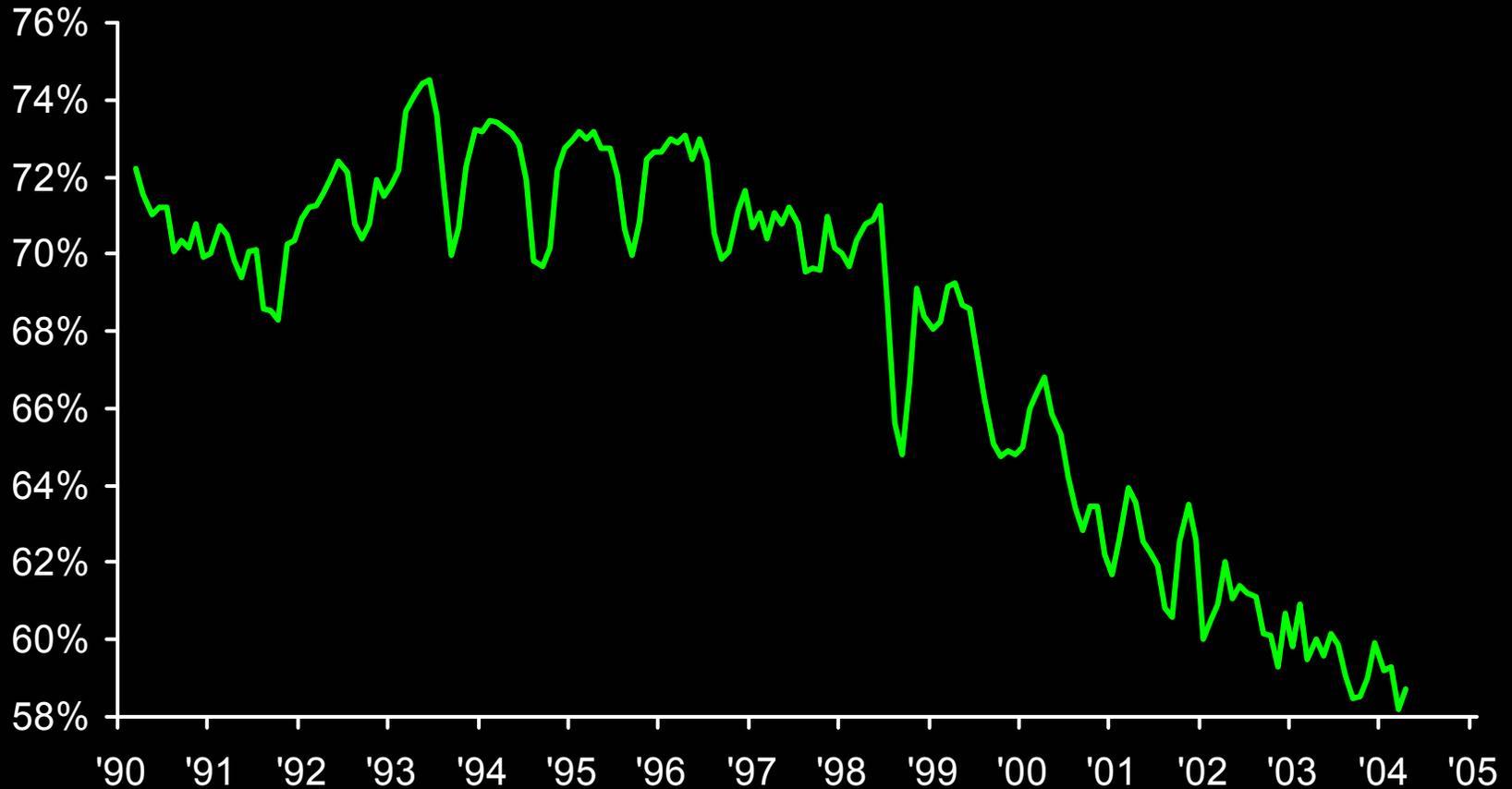
Incentives and the Market

United States



Big 3 Market Share

% Share
(3 Month Moving
Average)



Auto Industry Leading Indicators

Ability To Buy

	<u>May '03</u>	<u>May '04</u>
Disposable Income	Green	Green
Household Debt	Yellow	Green
Yield Curve	Green	Green
Inflation	<u>Green</u>	<u>Green</u>
Composite	Green	Green

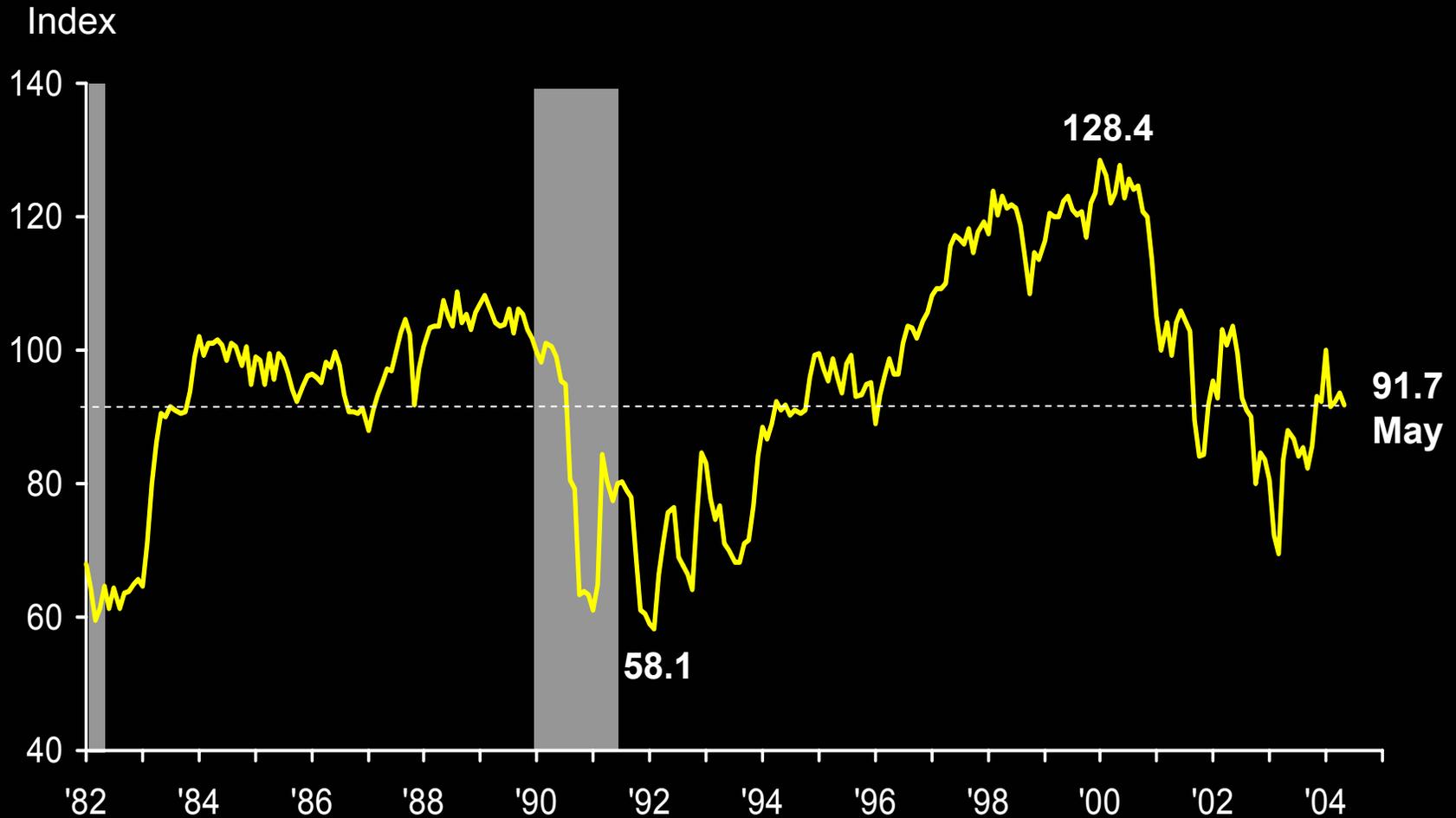
Auto Industry Leading Indicators

Willingness to Buy

	<u>May '03</u>	<u>May '04</u>
Consumer Attitudes	Red	Yellow
Unemployment Claims	Red	Green
Workweek	Red	Green
Stock Market	<u>Red</u>	<u>Green</u>
Composite	Red	Green

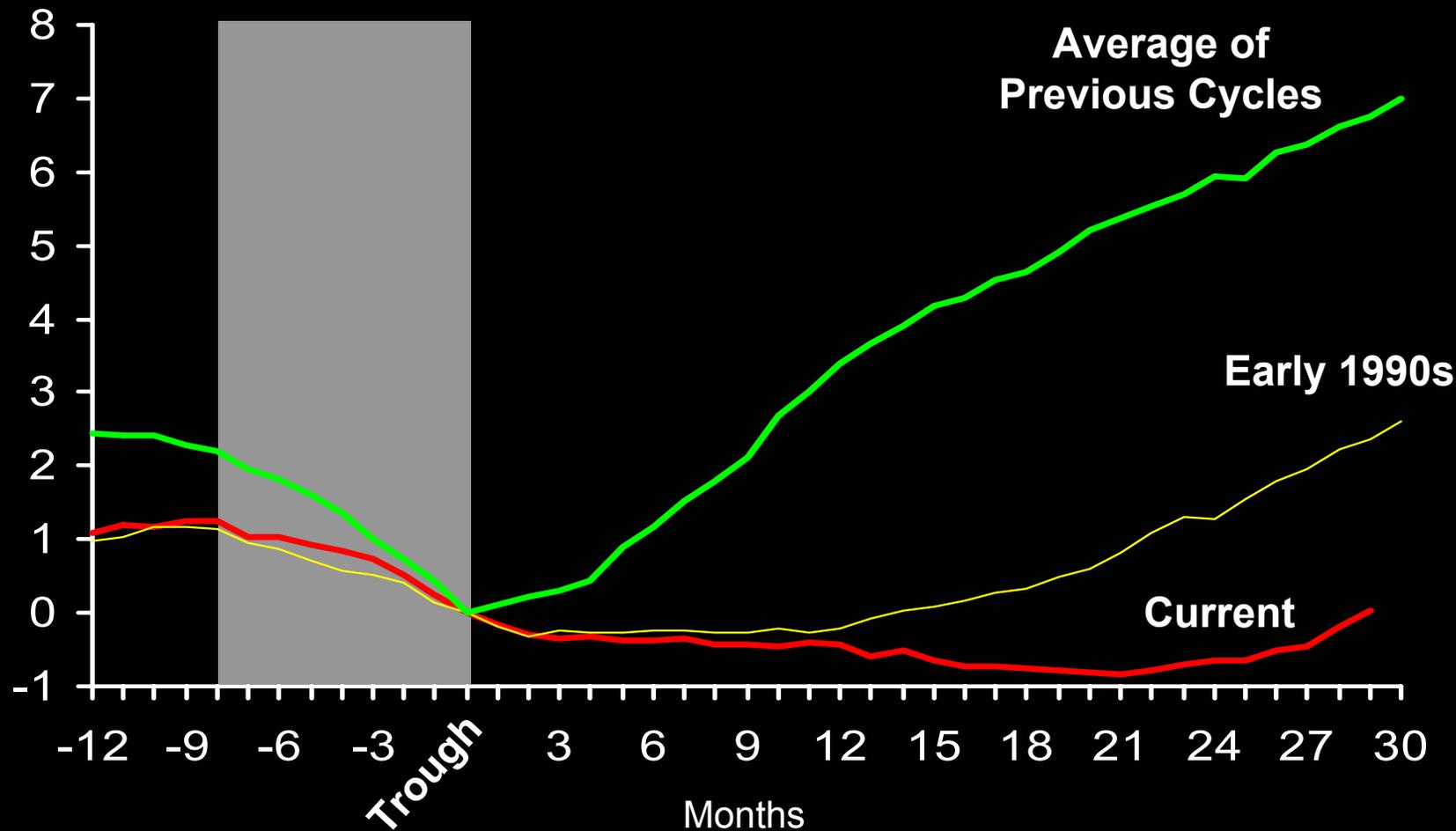
Consumer Attitudes

Average of U of M & Conference Board



Payroll Job Growth During Recoveries

% Change
From Trough



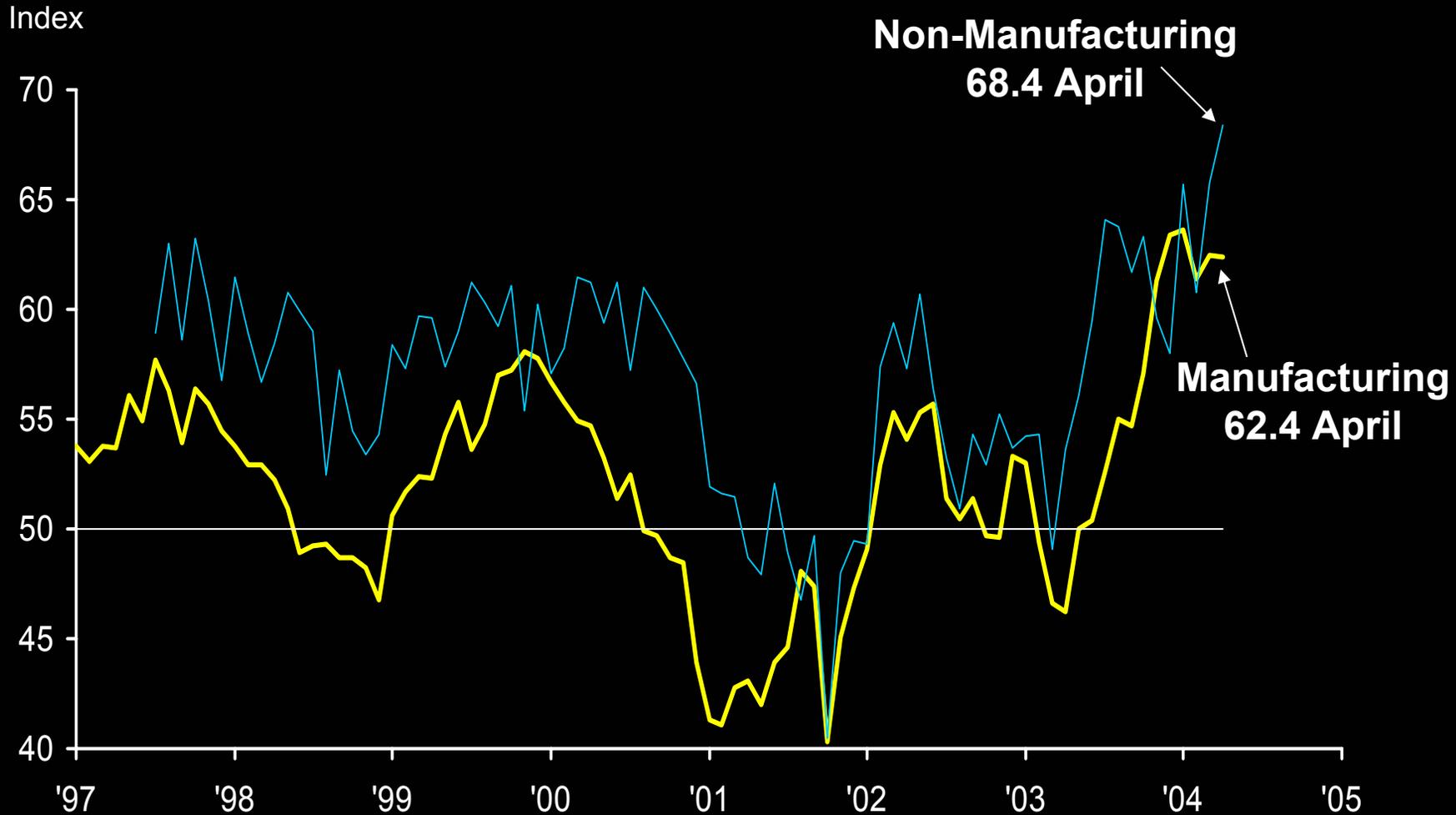
Shaded Bar indicates length of 2001 recession

CEO Confidence Survey

The Conference Board

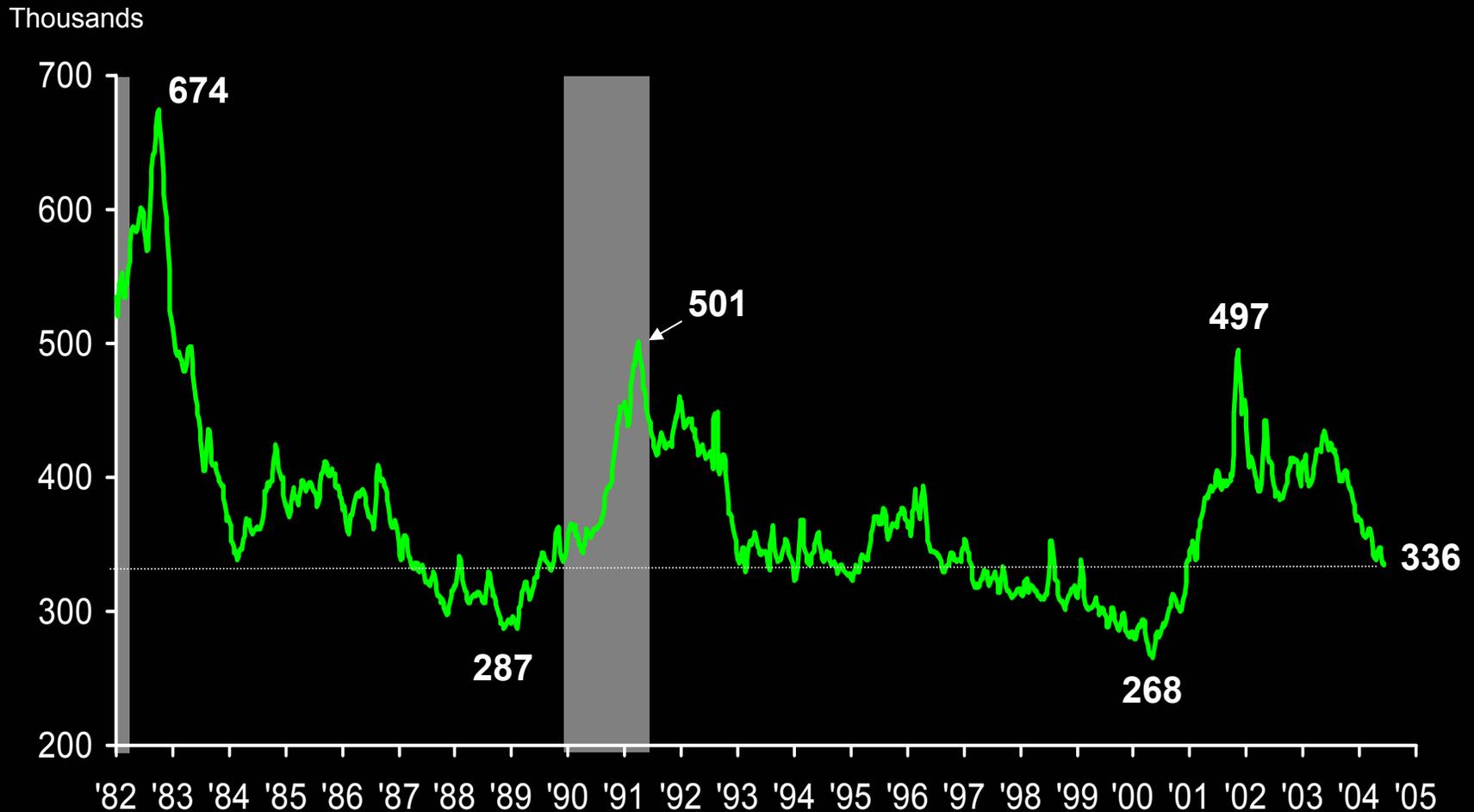


Institute for Supply Management Index



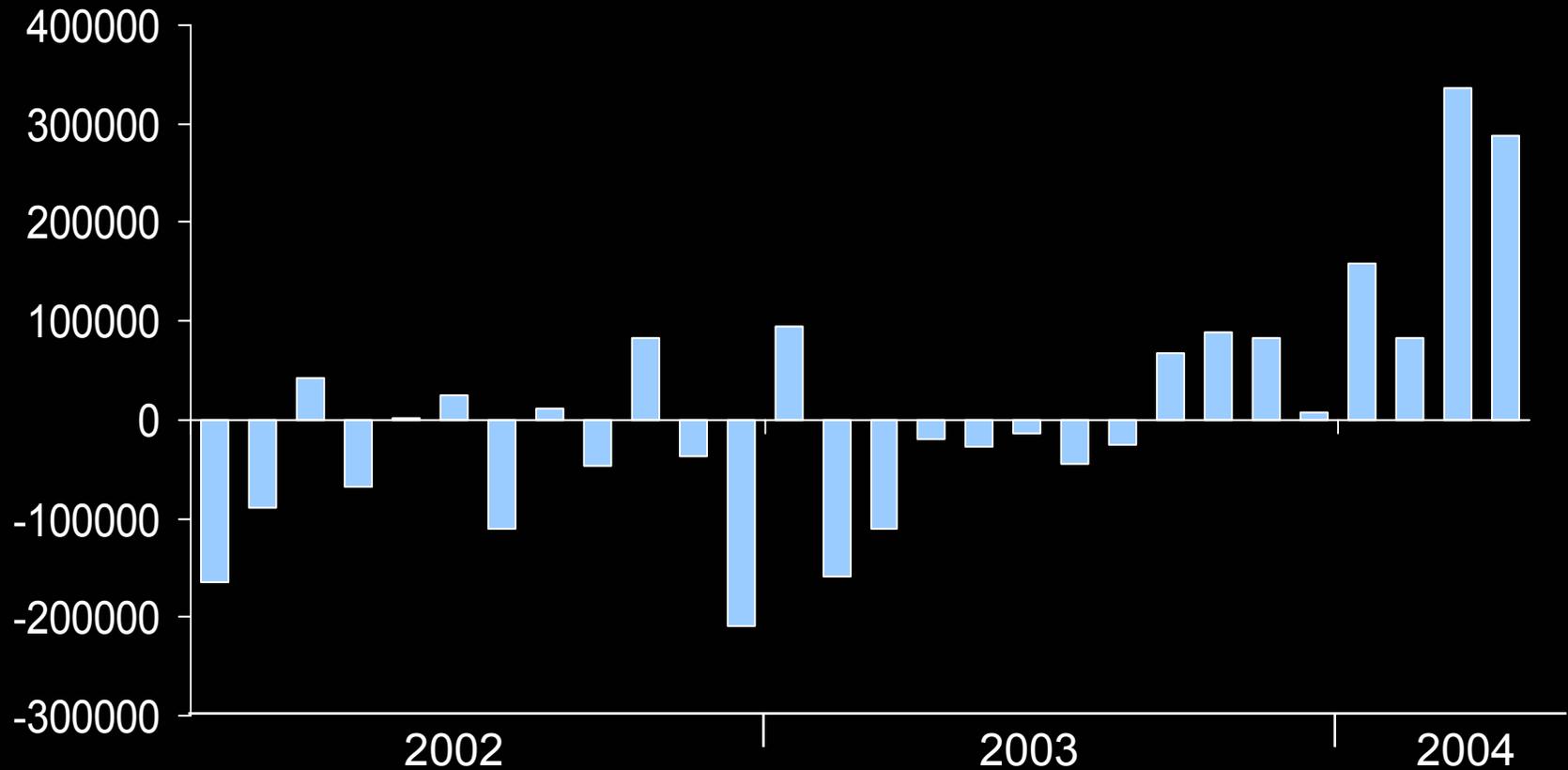
Initial Unemployment Claims

4 Week Moving Average



Payroll Employment

Change in
Employment Level

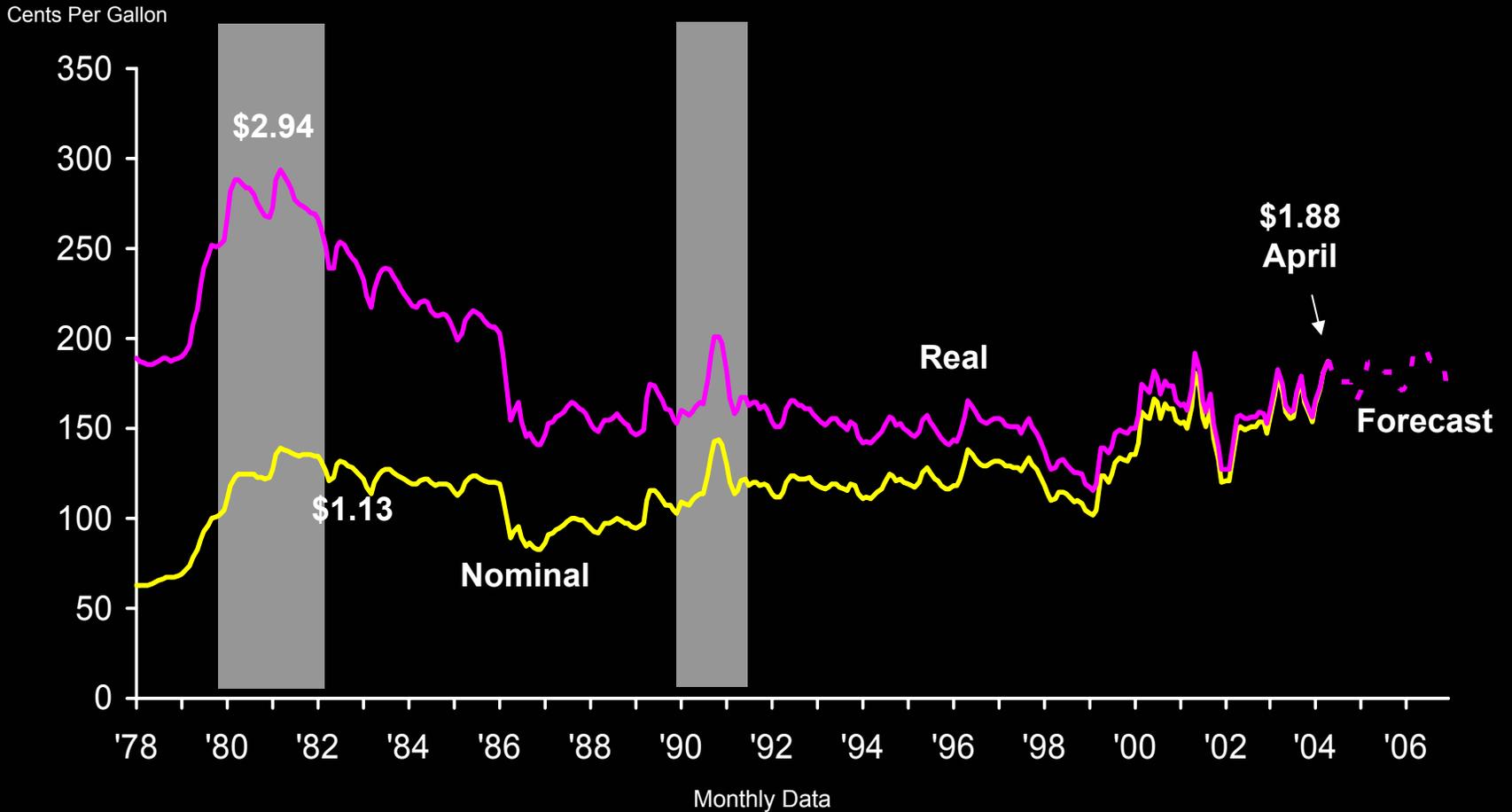


Oil Prices



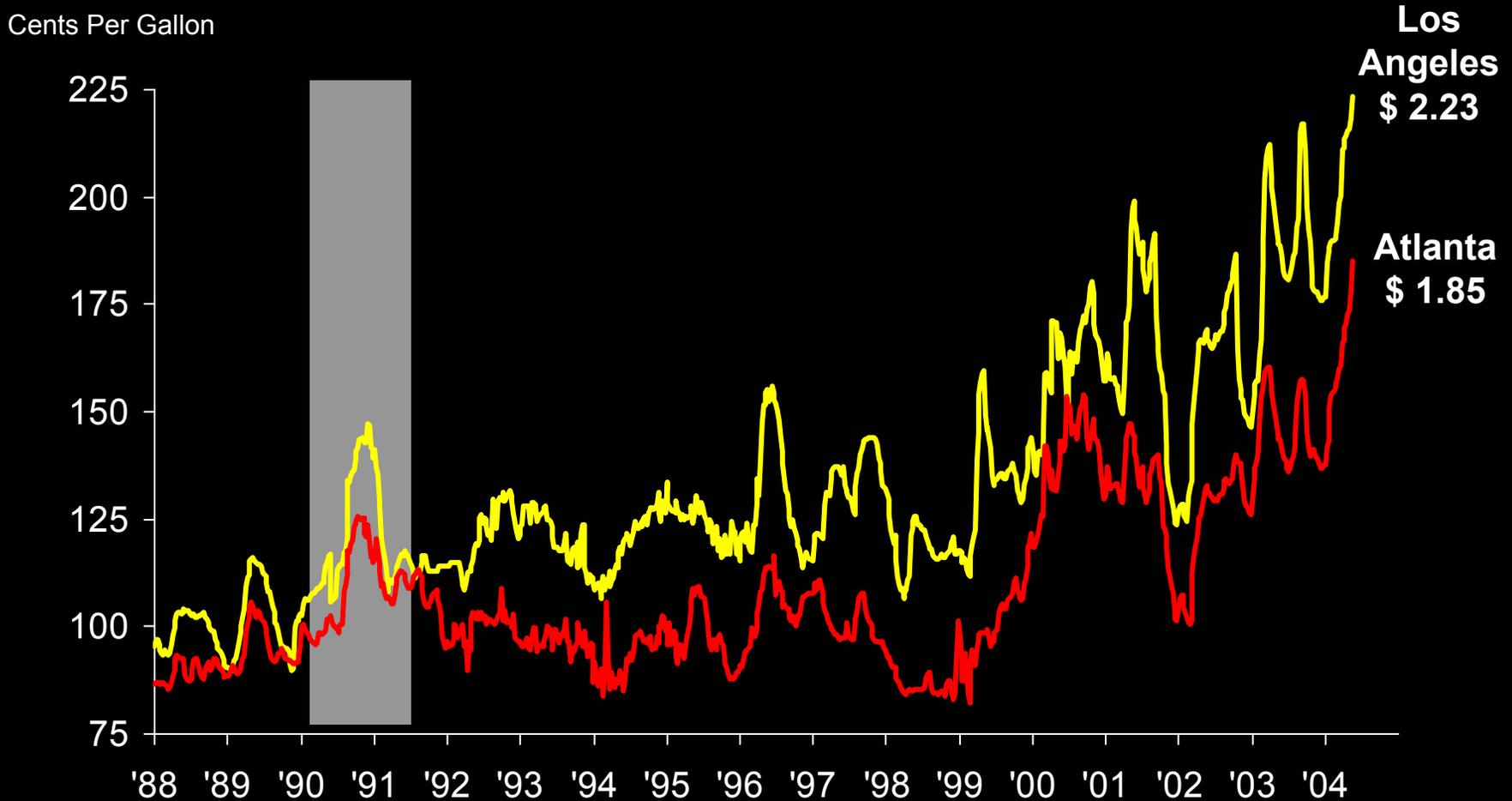
Gasoline Prices

Average All Types

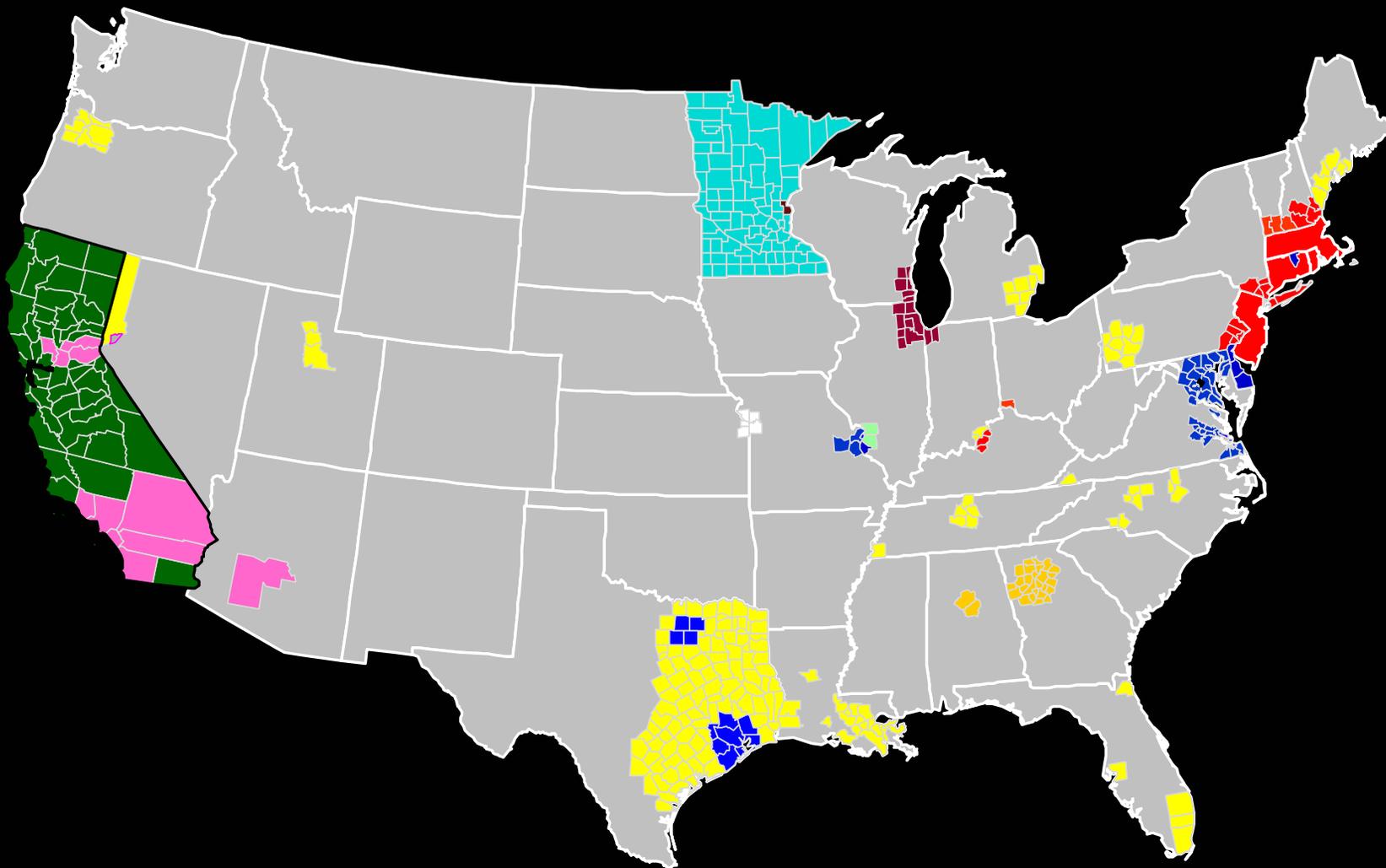


Gasoline Prices: Regional

Los Angeles & Atlanta, Including Taxes

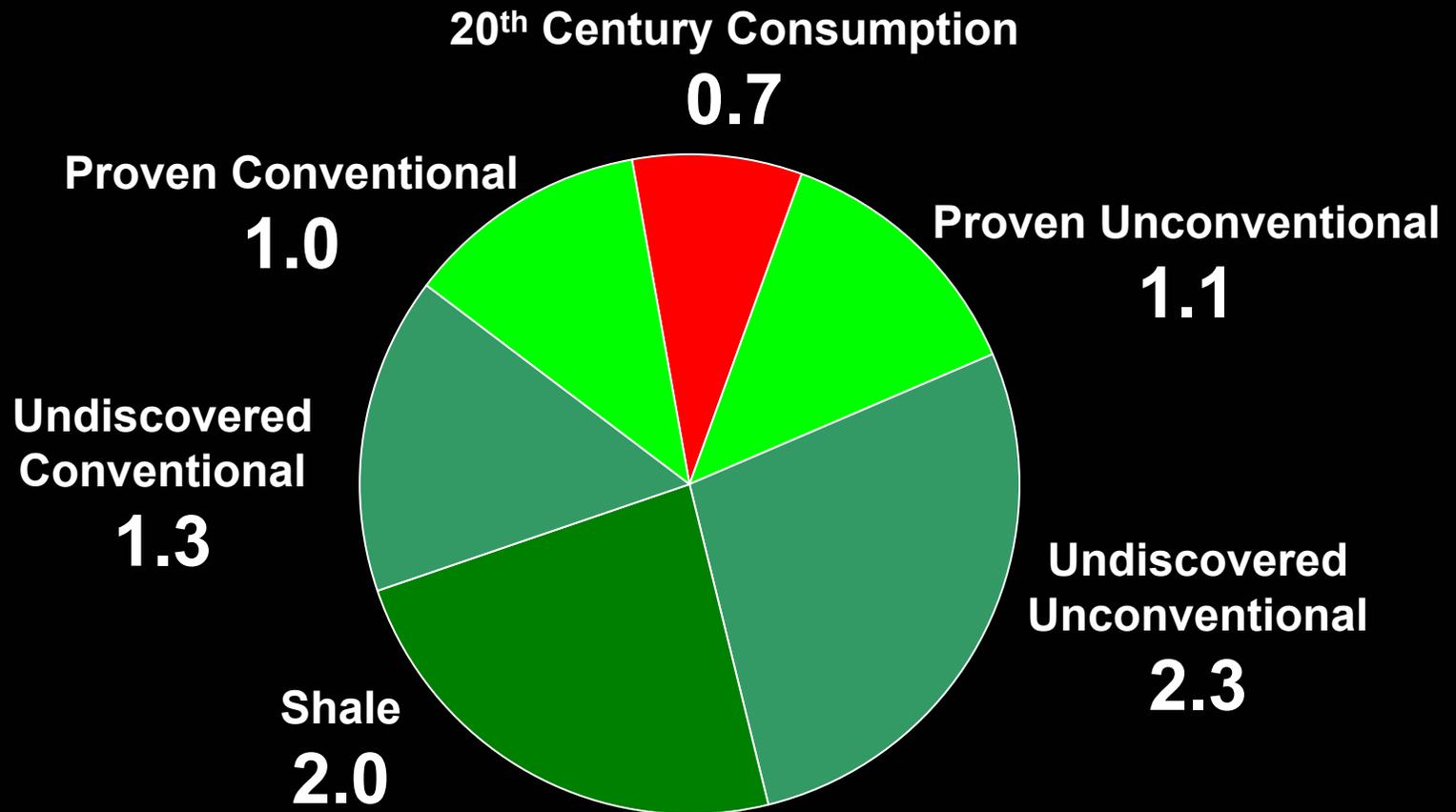


Mandated Summer Gasolines



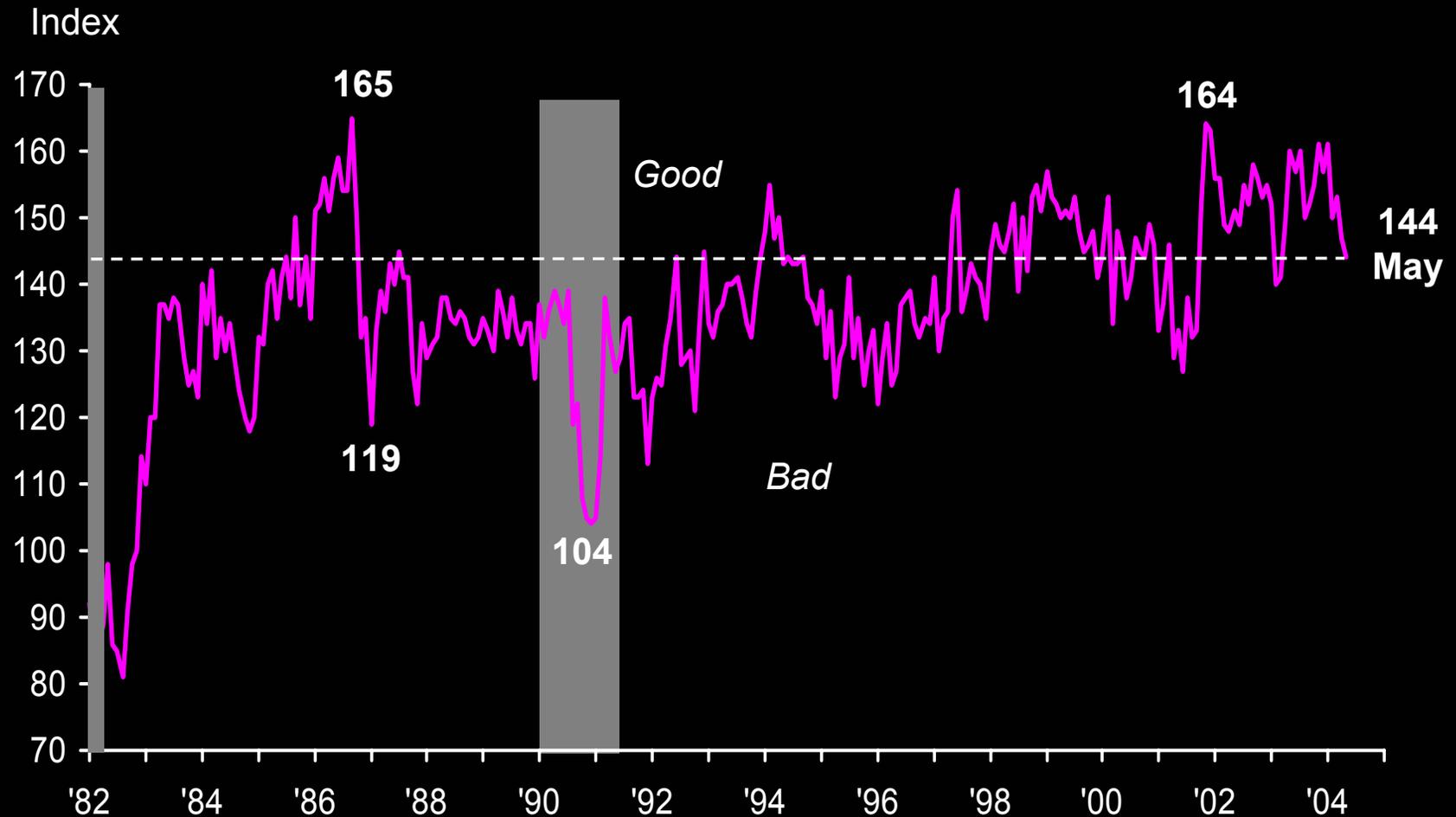
Oil Consumption & Resources

Trillions of Barrels



Buying Conditions for Vehicles

During Next 12 Months



U.S. Market Share

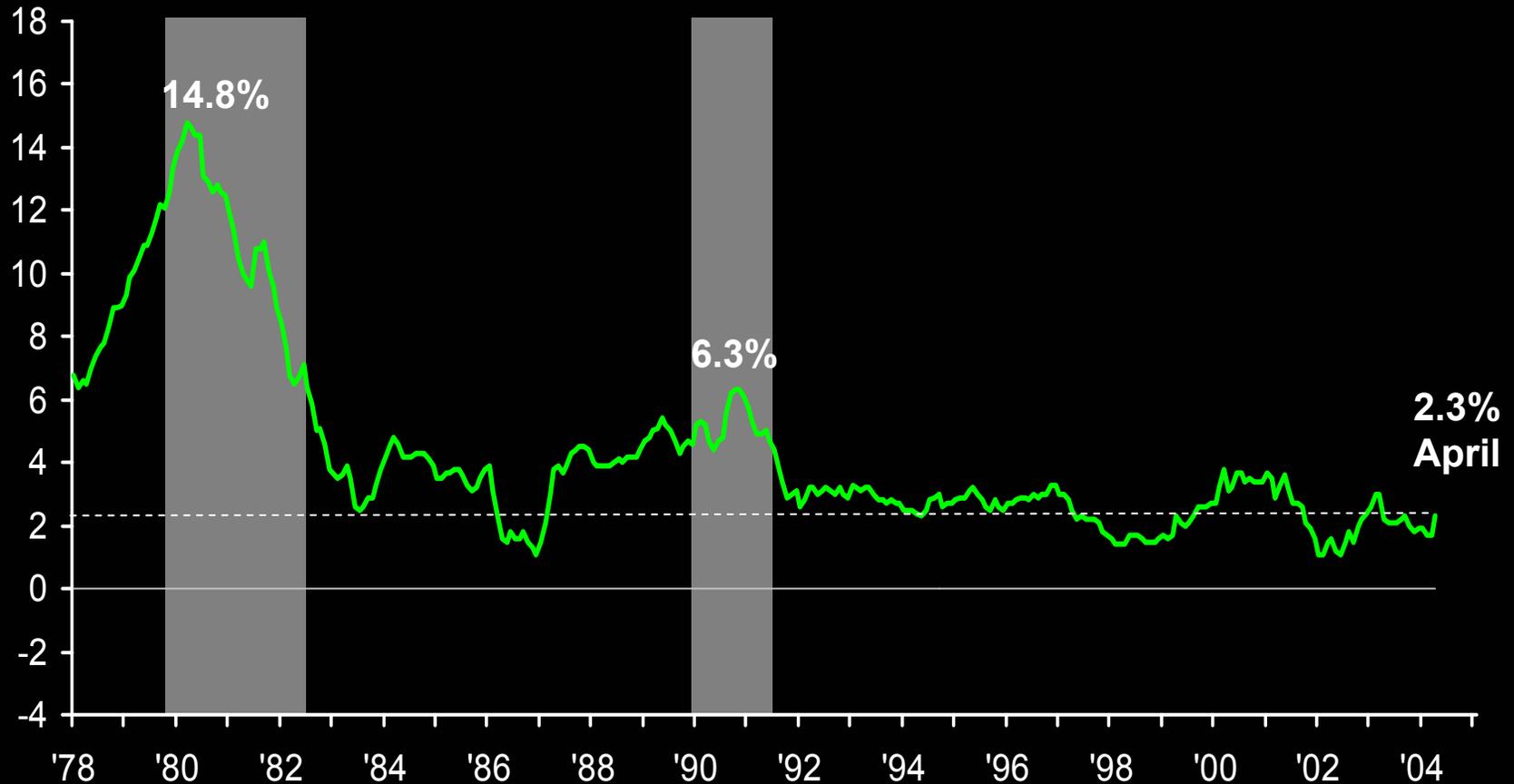
	<u>2003 YTD</u>	<u>2004 YTD</u>
Car	44.5%	42.8%
Truck	55.5%	57.2%

Total SUVs	24.3%	24.6%
Large SUVs	5.9%	5.8%

Consumer Prices

All Items, Not Seasonally Adjusted

% Change
Yr/Yr



Consumer Prices: Core Inflation

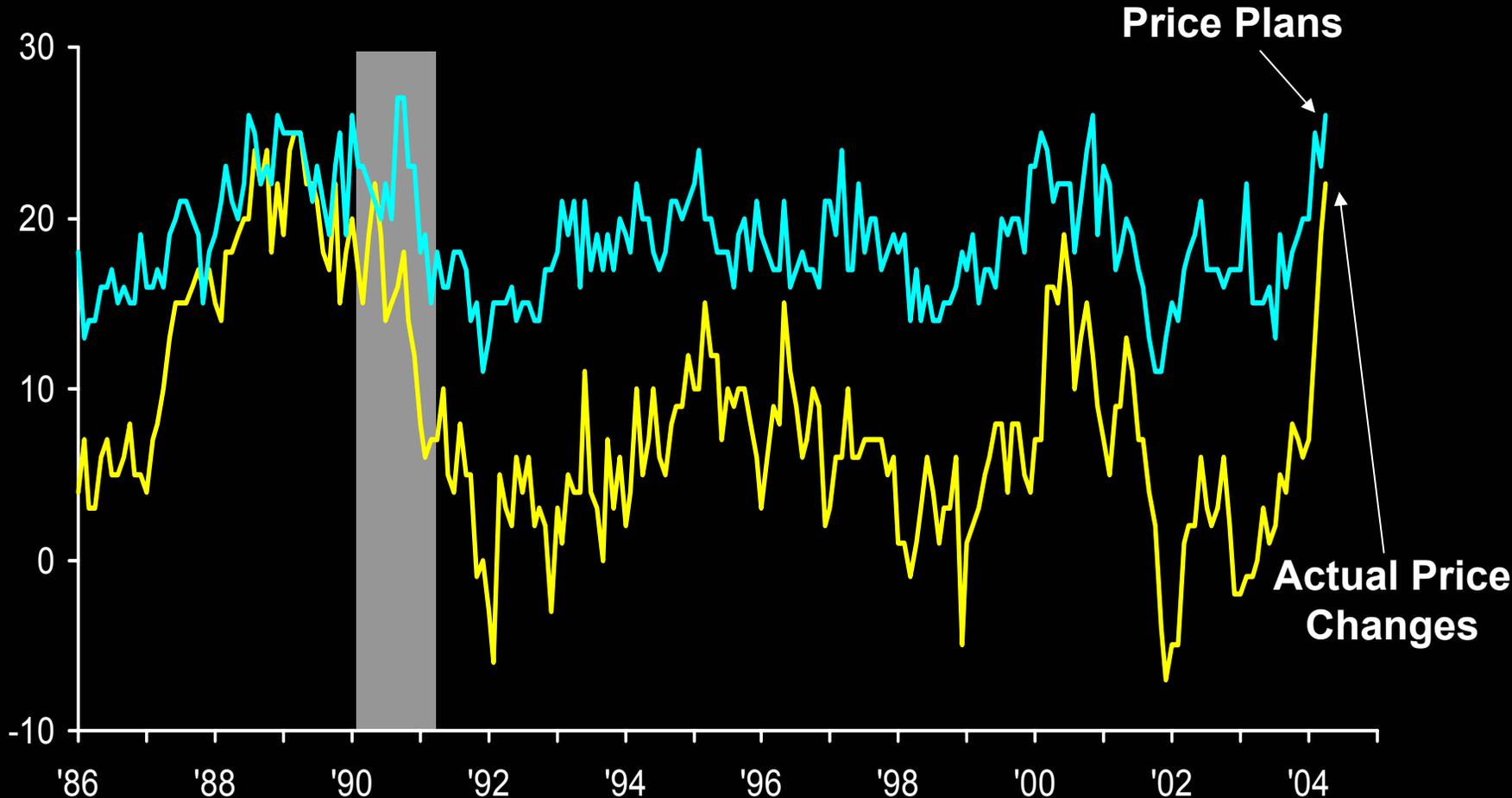
All Items Less Food & Energy, Seasonally Adjusted



Small Business Pricing Trends

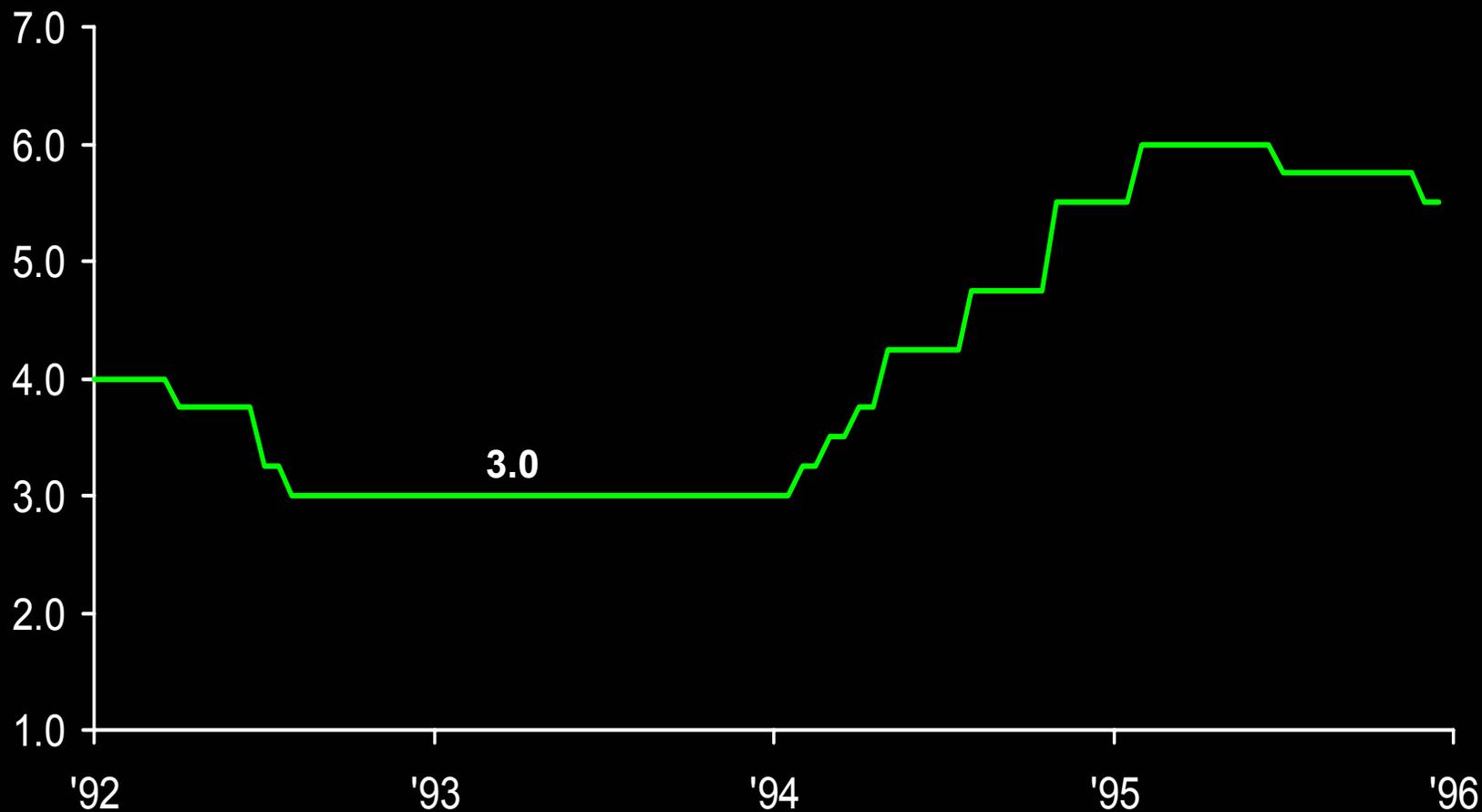
National Federation of Independent Business

Net Percent



U. S. Federal Funds Target Rate

Percent



Cost of Financing

\$ 25,000 Loan for 60 Months

6% APR

\$ 3,500

7% APR

\$ 4,000

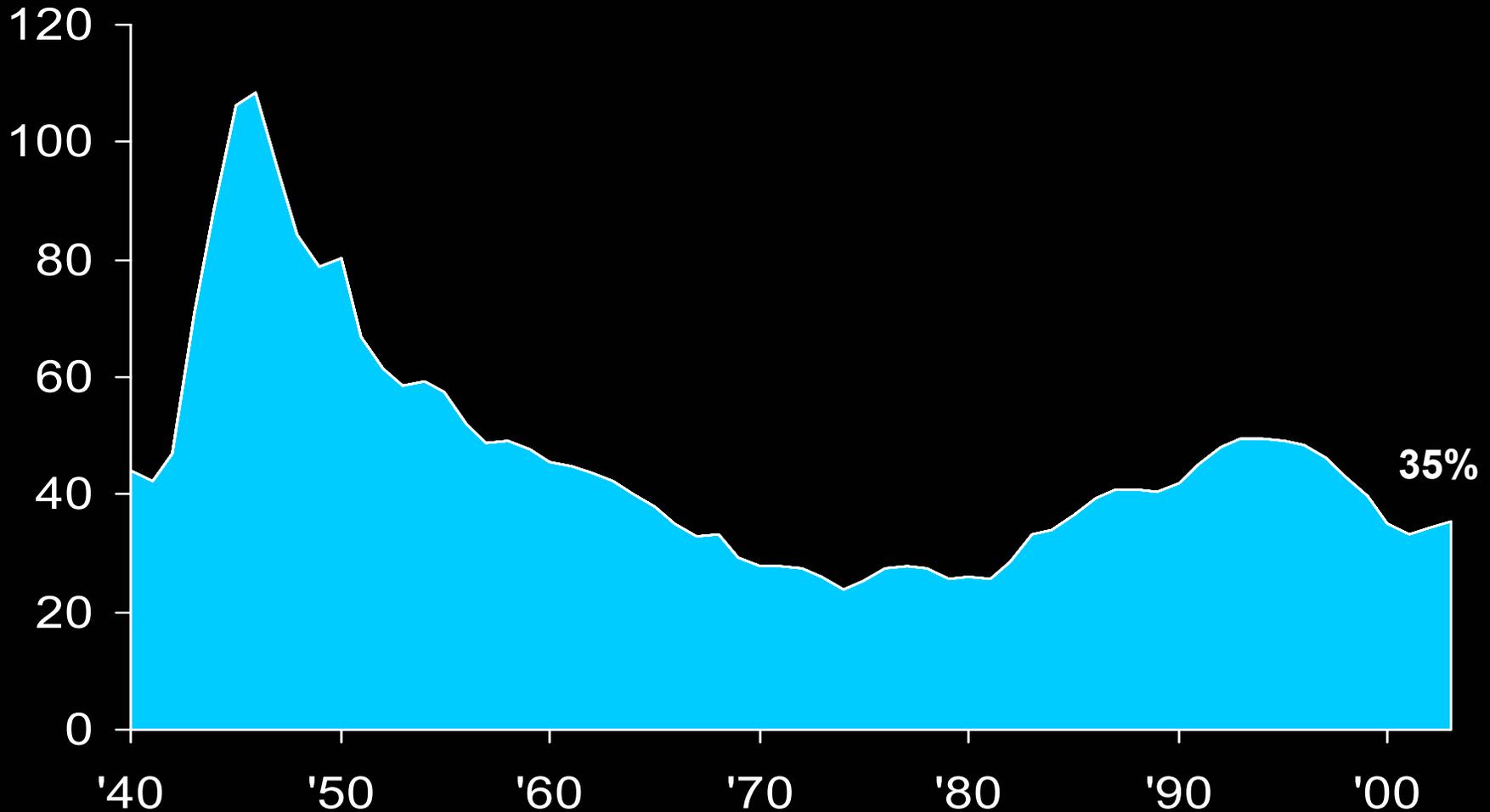
+ \$ 500

2004 U.S. Outlook: Risk and Opportunities

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Federal Debt Held by the Public as Percent of GDP

% of GDP



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Economy Booms	5.0	18.0	3.0	All cylinders firing	> \$35	Fed raises rates aggressively
Strong Growth	4.0	17.5	2.5	Strong hiring & investment	> \$30	Fed raises rates smoothly
Tepid Growth	3.0	17.0	2.0	Tax increases push growth below trend	>\$25	Fed raises rates slowly
Economy Drifts	2.5	16.5	1.5	Jobless growth returns	\$25	Fed holds rates steady

2005 Segment Winners & Losers

CARS

Compact	++
Standard Mid-Size	--
Luxury Mid-Size	-
Standard Full-Size	-
Standard Large	-
Composite	--

TRUCKS

Minivan	0
Sports Tourer	++
Mid-Size SUV	-
Full-Size SUV	+
Large Pickup	-
Composite	++