

# auto**beat**

## daily™

WEDNESDAY  
AUGUST 11, 2004  
PAGE 1 OF 3

**U.S. PRODUCTIVITY SLOWS.** America's productivity grew at an annualized 2.9% in the second quarter, its slowest rate since the end of 2002, according to the U.S. Dept. of Labor.

Still, the improvement was more than the 2% that analysts expected. They anticipated a downturn because annualized growth in the country's gross domestic profit slowed from 4.5% in the first quarter to 3% in the second. New-job creation has been lagging too.

**U.S. INTEREST RATES RISE TO 1.5%.** The Federal Reserve, declaring the U.S. economy "poised" for stronger growth, raised overnight lending rates from 1.25% to 1.5% yesterday.

The move was widely expected by economists, many of whom believe more rate increases are likely when the Fed meets again in September and November. Investors, interpreting the Fed's action as showing confidence in the economy, pushed stock prices higher.

**U.S. HIGHWAY FATALITY RATE AT 29-YEAR LOW.** Last year 42,643 people died in traffic accidents in the U.S., and the fatality rate fell to its lowest level since the federal government began tracking that statistic 29 years ago.

The fatality rate per 100 million miles traveled was 1.48 in 2003, down from 1.51 the previous year when 43,005 people were killed on U.S. roads, according to the National Highway Traffic Safety Administration. About 56% of those killed weren't wearing seatbelts.

Americans drove an additional 20 billion miles last year compared to 2002, bringing the nation's total vehicle miles traveled to 2.88 trillion.

NHTSA says alcohol-related deaths dropped for the first time in three years, and passenger deaths fell to an

11-year low of 31,900. Pedestrian fatalities declined 2% to about 4,700.

Total vehicle rollover deaths dropped by 3%—including a 7% drop for pickup trucks, but they rose nearly 7% for SUVs. Rollover-related fatalities totaled 4,400 for cars, 2,600 for pickups and 2,600 for SUVs.

Fatalities declined in 27 states, led by a 15% drop in Colorado. They rose elsewhere, led by a 43% jump for the District of Columbia.

NHTSA estimates highway crashes cost \$231 billion per year, or about \$820 per citizen.

**TOYOTA DELAYS NEXT U.S. HYBRID INTRO.** Toyota Motor Corp. has pushed back the U.S. debut of its Lexus RX400H hybrid SUV from September to the first quarter of next year so it can build up inventory in anticipation of a surge in early sales, reports Japan's *Nihon Keizai Shimbun*.

Toyota has targeted sales of 24,000 RX400H SUVs in the first year. Demand for its Prius hybrid car have delayed deliveries of that model by up to six months and prompted Toyota to add production capacity.

**AM GENERAL GAINS A NEW OWNER.** AM General LLC, which makes Humvee military vehicles and supplies the Hummer line of SUVs for General Motors Corp., has gained a new majority partner: New York City-based MacAndrews Holdings LLC.

The deal gives MacAndrews, which is owned by billionaire Ronald Perelman, 70% equity in AM General and management oversight. Renco Group Inc., the private holding company which bought AM General in 1992 for \$133 million, holds a 30% stake under the new structure.

The partners say AM General's current management team, led by President and CEO James Armour, will

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continue to run day-to-day operations from corporate headquarters in South Bend, Ind.

The companies didn't put a value on the deal, but media reports say MacAndrews paid about \$930 million in cash for its share.

AM General has been producing the military Humvee, short for High Mobility Multipurpose Wheeled Vehicle, in Mishawaka, Ind., for 11 years. GM bought the company's civilian Hummer brand in December 1999.

**SUZUKI TRIMS U.S. SALES FORECAST.** Suzuki Motor Corp. says tougher-than-expected competition will reduce its hopes of selling 100,000 vehicles in the U.S. this year by as many as 20,000 units.

The minicar specialist, which sells about 600,000 vehicles annually in Japan, sold about 68,000 vehicles in the U.S. in 2002 and 58,000 last year.

**IRAQ RESUMES OIL PRODUCTION.** Iraq began shipping oil from its southern oil fields yesterday, one day after halting output because of threats of sabotage, reports the Associated Press.

AP says Iraq's South Oil Co. resumed production after reaching an agreement with militant Shiite supporters of radical cleric Muqtada al-Sadr.

Iraq had been exporting 1.75 million barrels of crude oil per day. The one-day suspension triggered a surge in global oil prices, which briefly topped \$45 per barrel on Tuesday. Prices on the New York Mercantile Exchange closed at \$44.52.

**DCX IN NO RUSH TO DUMP HYUNDAI STAKE.** DaimlerChrysler AG wants to sell its 10.5% equity in Hyundai Motor Co., but the company tells Dow Jones Newswires it's in no rush to do so.

The comment was in response to a report yesterday

by South Korea's *Maeil Business* newspaper indicating DCX will dispose of its nearly 23 million shares in Hyundai as early as next week. DCX's stake currently is worth about \$910 million—at least 50% more than when DCX bought its stake in 2000-2001.

**NHTSA STEPS UP PROBE INTO GM SUV BRAKE LAMPS.** The National Highway Traffic Safety Administration is upgrading a probe into complaints that the brake lights on midsize General Motors Corp. SUVs don't work when the brake pedal is depressed.

NHTSA is looking at 2002-2004 model year Chevy Trailblazer, GMC Envoy and Oldsmobile Bravada SUVs and the 2004 Buick Rainier SUV. It has received 687 complaints about brake lights not working on the trucks.

The agency says GM found the brake bulbs could overheat their sockets and fail, so it began installing cooler-operating bulbs and more heat-resistant sockets last fall. It also says GM began a "special policy" to make free repairs on affected vehicles if owners complain.

**BRIDGESTONE PROFITS SOAR 64% IN FIRST HALF.** Bridgestone Corp. reports its profits jumped 64% to \$472 million through the first half of 2004. Revenue for the Japanese tiremaker, aided by a more favorable product mix and higher prices in its major global markets, grew nearly 4% to \$10.4 billion.

Bridgestone also raised its previous net profit forecast for the year by 39% to \$940 million, even though it expects a year-on-year decline in second-half earnings. That result would boost the company's full-year net by 17% over last year.

Bridgestone's income in North America multiplied more than sixfold, rose 10% in Europe and grew 1% in Japan. The company says rising materials costs will trim its operating profit this year by about \$440 million. It believes

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THERE'S NO SUCH THING AS HAVING  
TOO MUCH HORSEPOWER.**



rubber prices peaked in the first half, but it cautions that other materials costs may increase into 2005.

**FORD SETS LOW PRICES FOR NEW MODELS DUE THIS FALL.** Ford Motor Co. says its new Five Hundred sedan and Freestyle crossover vehicle will be base-priced at \$22,800 and \$25,600, respectively, when they debut this fall. All-wheel-drive versions will start at \$24,500 and \$27,300, respectively.

The prices are considerably lower than analysts expected and, according to Ford, undercut competing domestic vehicles by as much as \$5,000.

Ford's Lincoln Mercury division says its twin to the Five Hundred—the Mercury Montego—will be base-priced at \$25,000.

Ford revealed pricing as it formally opened a "manufacturing campus" half a mile from the Chicago Assembly Plant that will build the Five Hundred, Freestyle and Mercury Montego. The supplier park houses a dozen operations—run by such companies as Brose, Decoma, Lear, Tower Automotive, Visteon and ZF—that will provide 60% of the assembly plant's inventory on a just-in-time basis.

**SHANGHAI AUTO HOPES TO BE AMONG WORLD'S TOP 6 OEMs.** China's largest automaker, Shanghai Automotive Industry Corp., says it aims to grow enough to become one of the world's top six automakers by 2020, reports Reuters.

Last year SAIC sold 782,000 vehicles—one-eleventh as many as did General Motors Corp., the world's largest automaker. Its aim is to double that output in about three years and boost annual production to 4 million vehicles by 2020. By then it aims to multiply current revenue sevenfold to about \$97 billion.

Almost all the vehicles SAIC produces currently are

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 is a publication of Hampton AutoBeat LLC,  
 Box 33068  
 Bloomfield Hills, MI 48303-3068

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**SUBSCRIPTIONS: PAULA DOAN**  
 (888) 771-6430  
 paula@autobeatdaily.com

**ADVERTISING: BRIAN BOYLE**  
 (248) 455-7214  
 brian.boyle@infinitybroadcasting.com

**NEWS: BILL HAMPTON**  
 (248) 540-2530  
 bill@autobeatdaily.com

through partnerships with GM and Volkswagen. The company acknowledges it needs to develop its own automotive brand to achieve its ambitious goal.

Last month SAIC bought control of South Korea's ailing SsangYong Motor Co. The company says it is looking for additional foreign acquisitions.

**HAYES LEMMERZ FORMS WHEELMAKING VENTURE IN TURKEY.** Hayes Lemmerz International Inc. has set up a three-way venture in Turkey to begin supplying aluminum wheels to Turkish and European OEMs by the end of 2005.

Called Jantas Aluminum Wheels, the Manisa-based venture will be 40% owned by Hayes Lemmerz, 35% by Italian wheelmaker Cromodora Wheels SpA and 25% by Inci Holding A.S., a diversified manufacturing and services group in Turkey.

**TUESDAY'S CLOSING STOCKS**

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		9,944.67	+130.01	General Motors	GM	42.17	+0.73
NASDAQ		1,808.70	+34.06	Gentex	GNTX	35.46	+1.23
American Axle	AXL	33.13	+0.87	Goodyear	GT	10.90	+0.56
ArvinMeritor	ARM	19.17	+0.69	Hayes Lemmerz	HAYZ	12.89	+0.27
Autoliv	ALV	42.02	+0.96	Honda	HMC	23.29	-0.03
BorgWarner	BWA	46.54	+1.61	Johnson Controls	JCI	54.02	+0.26
Cooper Tire	CTB	22.90	+0.48	Lear	LEA	54.22	+1.52
DaimlerChrysler	DCX	42.26	+0.61	Magna International	MGA	76.88	+0.77
Dana	DCN	18.06	+0.30	Nissan Motor	NSANY	20.76	-0.18
Delphi	DPH	9.23	+0.21	Tenneco Automotive	TEN	13.45	+0.62
Dura Automotive	DRRA	8.49	-0.08	Toyota	TM	75.12	-0.28
EDS	EDS	17.15	+0.31	TRW Automotive	TRW	19.76	+0.49
Ford	F	14.32	+0.24	Visteon	VC	9.50	+0.35