Analyst: GM Pickups To Hit Market At A Good Time

The Associated Press

DETROIT (AP) — When General Motors' new full-size pickup trucks hit the U.S. market in late spring or early summer, the timing should be good, an auto industry analyst said Tuesday.

Citi Investment Research analyst Itay Michaeli, in a note to investors, wrote that pickup sales in the next 12 to 18 months should outperform U.S. auto sales as a whole, and that's good news for the new Chevrolet Silverado and GMC Sierra. Most analysts expect auto sales to rise by around 800,000 cars and trucks this year to about 15.3 million, a 5.5 percent increase over last year.

"We see an improving fundamental 12-month risk/reward ahead of GM's pickup truck launch," Michaeli wrote.

He kept his "Buy/High Risk" rating on GM stock and held his one-year target price of $35. But Michaeli raised his full-year earnings estimate for GM by a penny to $3.21. That's still below the average forecast of analysts surveyed by FactSet of $3.47 per share.

The company made $3.24 per share last year.

Big pickup trucks have long been the cash cow of Detroit automakers, which make $5,000 to $10,000 on every sale. Sales had been rising slowly since the Great Recession, but took off late last year. Full-size pickup sales finished last year up 9.2 percent at 1.6 million, according to Autodata Corp. But in January, sales were up almost 25 percent to 124,000.

Analysts say businesses have waited a long time to replace aging trucks and now are feeling comfortable enough to make the purchases. Plus, the average age of a pickup on U.S. roads is just over 11 years, according to the Polk research firm.

Michaeli wrote that checks with auto dealers suggest that pickup sales will show a big jump again in February, perhaps in the area of 20 percent over the same month in 2012.

General Motors Co. on Thursday posted a profit of $4.9 billion for 2012, down 36 percent from a year earlier, when it made $7.6 billion. Its net income fell because of European losses and a truckload of one-time accounting adjustments in both years. Last year's pretax profit, which excludes the one-time items, still dropped, but only by 5 percent to $7.9 billion. Revenue for the year rose 1 percent to $152.3 billion.

GM shares fell to less than $19 last summer on worries in Europe. But the company

has rebounded of late, partly because GM bought 200 million of its shares back from the U.S. government for $5.5 billion in December. GM stock slipped 18 cents, less than 1 percent, to $27.58 in midday trading Tuesday.

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