

# GM Stock Climbs, Then Drops After Analyst Report

The Associated Press

DETROIT (AP) — Shares of General Motors rose more than 4 percent early Monday after an analyst raised his earnings estimates and stock price target. But the shares gave up all of their gains and then some in late-afternoon trading.

Last week, GM said its first-quarter profit fell 14 percent to \$865 million, or 58 cents per share. North American profits dropped as the company stopped shipping full-size pickups to get ready for new trucks. But losses narrowed in Europe for the first time since 2011, the earnings beat analysts' forecasts and shares hit a 52-week high.

**THE SPARK:** Citi Investment Research analyst Itay Michaeli, in a note to investors, raised his one-year price target for GM to \$40 from \$38. He also increased his full-year earnings estimate to \$3.17 per share from \$3.12. Also, Michaeli raised his estimate for 2014 to \$4.20 from \$3.92, and to \$5 from \$4.70 for 2015.

**THE ANALYSIS:** General Motors Co. is about to start selling its new full-size pickup trucks as truck sales are rising while small businesses and individuals finally start to replace their aging pickups, Michaeli wrote. The trucks, he wrote, are coming out just as the pent-up demand cycle is starting.

Also GM's losses in Europe narrowed last quarter to \$175 million from \$294 million a year ago. The European performance was better than at rival Ford Motor Co.

Michaeli wrote that although GM cautioned against getting carried away with the European results, conditions there are looking up for GM. Prices were flat in the first quarter in a tough environment, auto sales are starting to show stability after more than a year of falling and newly acquired credit operations could help GM sales in Europe, he told investors. The company also is proceeding with its plan to invest in new products and close a German plant by 2014.

**SHARE ACTION:** GM stock hit \$32.22 by early afternoon, but retreated to \$31.89 toward the end of the trading day, down 21 cents or 0.7 percent. The stock hit \$32.44, its highest level since July of 2011 on Friday, the day after earnings were announced. That's not far from the November 2010 initial public offering price of \$33. The rise could make it easier for the U.S. government to sell its remaining 241.7 million shares of GM stock, or 16.4 percent of the company.

The government got the stock in exchange for a \$49.5 billion bailout in 2008 and 2009. The government said Monday it will continue to sell the remaining shares by early next year. So far the government has recovered about \$30.4 billion of the aid, meaning taxpayers are roughly \$19.1 billion in the hole.

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