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Analysts upbeat on Big 3 stock; FCA outpaces rivals

BY MICHAEL MARTINEZ (excerpt)

The stock price for Fiat Chrysler Automobiles NV is climbing steadily, and while Ford Motor Co. and General Motors Co. share prices have bumped around this year, analysts say now might be the time to buy into all three.

Shares of FCA, which began trading on the New York Stock Exchange at \$8.92 in October, closed Monday at \$16.29 outpacing Ford shares, which ended Monday at \$15.36. Stock prices for GM — which closed Monday at \$36.18 — and Ford have remained relatively flat for months, due to issues including costs of rolling out new models and, for GM, the ignition switch recall.

Industry experts predict FCA's rise should continue, driven by hot-selling brands and CEO Sergio Marchionne's desire to consolidate, while the stagnation at Ford and GM could end thanks to strong product and investments in fast-growing regions like China.

David Kudla, CEO and chief investment strategist at Mainstay Capital Management LLC in Grand Blanc, has set 12-month price targets for GM shares around \$40, and forecasts Ford shares to trade around \$18. Yahoo Finance reports a \$16.99 price target for FCA.

"They've each suffered for different reasons, but I think we'll start to see improvement sooner rather than later," he said.

Ford's fortunes hinge largely on its most profitable vehicle, the new F-150. ...

... Coupled with introductions of new models of the Edge and Lincoln MKX, some analysts believe Ford should start to see rewards after recent slowed production and high launch costs.

"Ford in 2014 had a lot of investment (in new products)," Kudla said. "We think it's going to pay off going forward."

The automaker's first-quarter earnings were lower than expected, but CEO Mark Fields says Ford is on track for a "breakthrough" year with strong financial performances in North America and increased investment in developing markets like China and India. Executive Chairman Bill Ford assured concerned stockholders last month that the stock price would "take care of itself."

Ford Monday will pay a 15-cent-per-share dividend to shareholders of record as of May 1. Ford restored the dividend in 2012 at 5 cents after a hiatus of more than five years.

GM's shares over the past year have remained relatively flat, trading between \$28.82 and \$38.99, but Morgan Stanley on Thursday upgraded its rating on GM. ...

... GM's delayed recall of defective ignition switches, now linked to 109 deaths, has been a major reason for the stock's performance, Kudla said. "Markets hate uncertainty, and that's been a reason for uncertainty," he said.

Many analysts are optimistic about FCA's stock, although Kudla noted there will likely be some volatility in the price since it's still relatively new to Wall Street. Some are encouraging investors to buy into the stock because of strong performances for brands like Jeep and Ferrari. ...