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Auto stocks take off on trade deal news between U.S. and Mexico

Cover Story

By Susan Tompor (excerpt)

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A preliminary new trade deal between the United States and Mexico kicked off a "relief rally" on Wall Street that took auto stocks along for a pretty smooth ride.

The Dow Jones Industrial Average gained 259.29 points or 1.01 percent Monday to close at 26,049.64 points.

The Dow is within striking distance of its record high of 26,616.71 points, which was set on Jan. 26.

General Motors stock closed Monday at \$37.69 a share — up \$1.74 or 4.84 percent.

Ford Motor stock closed at \$9.99 a share — up 31 cents or 3.20 percent.

Fiat Chrysler Automobiles closed at \$17.63 a share — up 81 cents or 4.82 percent. ...

Management based in Grand Blanc, said the stock market and auto stocks have been mired in escalating tariffs and trade wars.

"The agreement with Mexico helped auto stocks (Monday)," Kudla said. "The pressure is now on Canada."

President Donald Trump said Monday that an agreement with Mexico could be finalized within days. At the same time, Trump threatened to hit Canada with auto tariffs if it did not "negotiate fairly."

Canadian Foreign Minister Chrystia Freeland will head to Washington on Tuesday for further trade talks. ...

... "The market overall is being supported by the best corporate earnings we have seen in years," Kudla said.

Corporate earnings overall for the first and second quarters came in above 20 percent, driving expectations that earnings growth will exceed 20 percent for all of 2018, Kudla said.

"In this environment, stocks can continue to move higher," he said.

The risks, of course, remain for investors. ...

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