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Ford stock shifts after news of VW alliance

By Susan Tompor (excerpt)
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Ford Motor Co. and Volkswagen AG's much-awaited news on their global alliance centers on the production of medium pickups and delivery vans. But Wall Street analysts wonder what's next when it comes to a possible collaboration for electric vehicles and autonomous cars.

The limited-scope of the alliance announced Tuesday left Ford's stock price, as well as more than one analyst, wanting much more. ...

... Ford stock went nowhere on Tuesday morning's news. Ford was trading at \$8.91 a share shortly after the market opened at 9:30 a.m. in New York. That's down 8 cents a share, or 0.8 percent.

Shortly after 2 p.m. Tuesday, Ford stock was trading at \$8.86 a share, down 13 cents or 1.44 percent.

Ford stock closed at \$8.84 a share, down 15 cents or 1.67 percent on Tuesday.

VW shares were up 0.65 percent in Frankfurt.

Both companies said they are committed to exploring potential collaboration on electric vehicles, driverless vehicles and mobility services. But Ford and Volkswagen executives did not offer much in specifics, including a timetable for future announcements. ...

... David Kudla, the CEO of Mainstay Capital Management, said Tuesday's official news on the alliance for midsize trucks and commercial vans was widely known before the 8:30 a.m. call with the media and Wall Street analysts.

"Ford stock has rallied the past several days," Kudla said.

"However, there was no new news on any further alliance on EV, autonomous, or joint ownership, except that they are continuing to discuss these

areas, which was already speculated on and known," Kudla said.

As a result, he said, "Wall Street is obviously underwhelmed with this additional news (or lack thereof) this morning."

On the plus side, analysts do see some possible upside when it comes to reducing some costs as Ford and Volkswagen team up to build pickups and delivery vans. The partnership could cut research and development costs, as well as optimize factory capacity.

"This collaboration, from what we know, makes sense with each taking advantage of the other's strengths," Kudla said.

"With no equity stakes involved, the two are dipping their toe into the water," he said.

Ford may be able to reduce the cost for research on electric vehicles and autonomous cars down the line.

"VW gets vehicles from Ford they can brand and distribute through their channels," Kudla said. ...

... Wall Street continues to want more details and clarity overall around the direction that Ford is taking. Even so, many don't believe that the picture will become clearer all at once. ...

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