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GM and Ford stocks end 2012 on high note Automakers fare well, seeing double-digit percent increases

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David Kudla, CEO of Mainstay Capital Management LLC

Last year was a good year for General Motors Co. and Ford Motor Co. shareholders — provided they had the stomach for what proved to be a wild ride.

GM's stock ended 2012 at \$28.83 a share Monday, a gain of more than 42 percent over the \$20.27 a share that ended 2011.

Ford also fared far better than the average in 2012, closing at \$12.95 a share. That was up more than 20 percent from its 2011 year-ending price of \$10.76 a share.

Together, the two stocks gained more than 30 percent last year. By comparison the Dow Jones industrial average gained just over 7 percent. The Standard & Poor's 500 gained almost 13.5 percent.

"We got really great performance out of both GM and Ford in 2012," said David Kudla, CEO of Mainstay Capital Management LLC in Grand Blanc.

A year ago, he authored a report titled "Auto Stocks Will Roll in 2012."

And they certainly did.

Both companies benefited from a strong rebound in new car and truck sales in the United States, as well as growth in emerging markets.

But a decline in demand for new vehicles in Europe eroded both automakers' earnings. By

August, General Motors' stock price had fallen below \$19 a share, while Ford's stock price sank below \$9 a share amid growing concern about the economic crisis in the region. However, shares in GM and Ford began recovering after both companies announced plans to close factories and reduce capacity in Europe to better match the decline in demand.

Shares in General Motors also received a big boost in December when the U.S. Treasury Department announced plans to sell its remaining stake in the automaker.

While Kudla doubts 2013 will see a repeat of 2012's stellar performance — at least at GM — he does believe this will be another strong year for Michigan's auto stocks.

"The sales in North America are just so strong, and we see that expanding even further next year," he said.

"We're still in the early innings of the auto recovery. We're looking at another great year for both stocks."