

GM Surges After Surprise Forecast for Annual Profit Gain

By David Welch and Alexandra Semenova (excerpt)
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Forget about doom and gloom: General Motors Co. defied expectations it would be downbeat about earnings this year, fueling a rebound for its battered shares.

GM's forecast that profit could flirt with record levels in 2019 flouted predictions that industry sales in China and the U.S. will slump this year. The company sees demand in both markets holding up and earnings improving as it cuts costs and rolls out revamped pickups and new SUVs.

"We are focused on this transformation to make sure GM is strong and really demonstrating, even in a cyclical business, that we can continue to deliver results," Mary Barra, GM's chief executive officer, said in a Bloomberg Television interview. ...

... About half the current inventory of its top-selling Chevrolet Silverado is the older model, Sandor Pizar, director of marketing for the brand, said in a briefing last week. GM also has the new Cadillac XT4 and Chevy Blazer SUVs coming this year.

"Barra has done a good job of keeping margins up with flat sales," said David Kudla, founder and CEO of Mainstay Capital Management in Grand Blanc, Michigan. "GM is also positioned well for the future of mobility and is doing a lot of the right things, but I still think sales will fall off in the U.S. and maybe in China." ...

... The belt-tightening GM is doing with its core business coincides with the heavy investment it has planned for plug-in cars and autonomous-driving technology.

The company reaffirmed it'll cast Cadillac as lead electric-vehicle brand going forward, with the luxury division introducing the first model built off a new dedicated platform for battery-powered autos.