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GM stock up 5% after news of plant closings

With car sales tanking, cuts are no surprise to analysts

Cover Story

By Susan Tompor (excerpt)

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General Motors stock took off Monday morning on news of the string of auto plant closings.

Shortly before noon, GM stock was trading at \$38.11 a share, up \$2.18, or 6.07 percent for the day. At one point in the afternoon, GM jumped as much as 7.9 percent to \$38.75, the highest since July.

The stock price pulled back some, though, and GM closed at \$37.65 a share, up \$1.72 a share, or 4.79 percent.

GM remains down about 12 percent from an adjusted close of \$42.93 a share on Jan. 8.

In contrast, the Dow Jones Industrial Average was up 1.46 percent Monday. The Dow closed at 24,640.24 points, up 354.29 points.

Ford closed Monday at \$9.41 a share, up 28 cents, or 3.07 percent.

GM announced Monday that it will idle three North American car assembly plants, including one on the Detroit-Hamtramck border, and two transmission plants, including one in Warren. The move and other restructuring will involve cutting thousands of UAW and salaried jobs.

David Kudla, the CEO of Mainstay Capital Management, said job cuts and plant closings were expected for 2019.

“Car sales have been declining,” Kudla said. “And several of these plants were already down to one shift per day.”

GM CEO Mary Barra is moving quickly to restructure GM for slower industry sales going forward, given that the industry is past the peak in auto sales for this economic recovery, he said.

In addition, GM is preparing for the industry's ultimate shift toward ride sharing, Kudla said. ...

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