



## Why Magna International Inc. Just Might Keep Rolling

### Description

*While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a closer look at particularly stock-shaking upgrades and downgrades — just in case their reasoning behind the call makes sense.*

**What:** Shares of **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)) climbed about 2% this morning after Goldman Sachs upgraded the Canadian auto parts supplier from Sell to Neutral.

**So what:** Along with the upgrade, analyst Patrick Archambault boosted his price target to US\$101 (from US\$78), representing about 8% worth of upside to yesterday's close. While value investors might be turned off by Magna's [earnings-related surge yesterday](#), Archambault thinks that there might be room left to run given the strong operating tailwinds continuing to work in its favor.

**Now what:** According to Goldman, Magna's risk/reward tradeoff is now pretty balanced. "Our rationale for the Sell rating in April 2012 was that [Magna] was trading at a premium to other cyclical suppliers ... despite a slower growth outlook and execution concerns in the European interiors/exterior business," Archambault noted. "Over the course of this time both revenue and EBIT growth rates have been stronger than expected on content wins and better execution."

Of course, with Magna shares now up a whopping 75% over the past year and trading largely in line with the sector, I'd wait for a wider margin of safety before making *too* big of a commitment.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)

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