

Tesla Falls as Model 3 Delivery Drop Deepens Demand Concerns

By Dana Hull (excerpt)
April 3, 2019

Tesla Inc. slumped in early trading after reporting a record decline in deliveries during the first quarter, stoking concern demand is slackening for the Model 3 sedan it introduced less than two years ago. ...

... In the U.S., where Tesla introduced the Model 3 sedan in 2017, tax incentives for its vehicles shrank. In Europe and China, the company struggled to quickly get the cars to consumers. The 50,900 Model 3 Tesla delivered in the first quarter missed analysts' average estimate for 51,750 and was less than in the two previous quarters. The shortfall is a setback for Chief Executive Officer Elon Musk's plan to accelerate sales with lower prices and target more markets worldwide. ...

... Bloomberg's experimental Model 3 tracker also missed the dip in Tesla's production numbers. While the tool had outperformed the average estimate of Wall Street analysts in four out of five quarters, its prediction of 79,130 for the first three months of the year was much too high. One explanation is that the Model 3's international rollout could have inflated the numbers. ...

... "We're past peak Tesla," said David Kudla, CEO of Mainstay Capital Management, which bets against Tesla by shorting the stock. "There's slowing demand for the Model 3 and there's nothing else immediately in the pipeline."

Tesla's debut of a long-promised \$35,000 version of the Model 3 during the quarter was overshadowed by announcements of significant cost cuts Musk said were necessary for the company to be able to offer the car at that price point. ...