

EVEN STOCK EXPERTS CLAIM TESLA IS MANIPULATING THE STOCK MARKET

Bears point to how Tesla has never posted an annual profit and has previously missed numerous financial and production targets. They note Mr. Musk's penchant for overstatement, including an infamous 2018 episode in which he claimed to have lined up funding for a buyout, leading to a Securities and Exchange Commission settlement that temporarily stripped him of his chairmanship. They say other car companies will likely catch up to Tesla's strides in electric vehicles—German auto maker [Porsche](#) last year rolled out its first ever electric vehicle, a sport sedan that is aimed at the same market Tesla targets—and that the business of making cars is notoriously boom and bust, even for the most storied firms.

“This is a car company, yes a higher-end one, but it's still a car company, with the same low margins of other auto makers,” said James Chanos, the noted short seller who runs New York hedge fund Kynikos Associates and has been betting against Tesla for more than six years.

James Chanos, who runs New York hedge fund Kynikos Associates, said he would continue to short Tesla's stock despite big losses recently.

Photo: David Paul Morris/Bloomberg News

Mr. Chanos, who said Tesla's recent profits can be attributed to its sales of tax credits, rather than earnings from car sales, said he won't end his short positions despite recent deep losses. People close to the matter said his bearish Tesla position amounts to about 2% of his firm's portfolio.

Other funds burned by Tesla's rally include Lakewood Capital Management and David Einhorn's Greenlight Capital, The Wall Street Journal has reported.

Steve Eisman, an investor who was among those who correctly bet against subprime mortgages more than a decade ago, recently told Bloomberg Television that he closed his bearish bet against Tesla. Mr. Eisman declined to be interviewed through a Neuberger Berman spokesman .

In early January, [Tesla became the most valuable auto company in U.S. history](#), passing the peak valuation of [Ford Motor](#) Co. in 1999. Tesla's market value now surpasses that of Ford, [General Motors](#) Co. and [Fiat Chrysler Automobiles](#) NV combined.

The big swings in the firm's shares have presented ample opportunity to nimble traders. Bullish options tied to Tesla stock hitting \$1,000 would have cost a trader about \$6 on Jan. 30, according to data from Trade Alert. Last week, they could be bought or sold for more than 300 times that.

That has led to other unusual trading dynamics. Options activity can further boost the stock as traders buy shares in order to hedge their derivatives positions.

Market value

Source: FactSet

Amy Wu Silverman, a managing director at RBC Capital Markets who recommends derivatives trades to clients, said she has been fielding calls from clients trying to predict how high the stock might go. "There's obviously a cult identity around" the company, Ms. Wu Silverman said. "That is all anyone wants to talk about."

She has personally bought bearish put options on the stock, contracts that have sunk in value as the stock has continued its climb. "Tesla is my widowmaker," she said.

Elon Musk unveiled Tesla's Cybertruck in November.

Photo: FREDERIC J. BROWN/Agence France-Presse/Getty Images

Some investors believe the market will inevitably move on from the Tesla story, as developments in business and economics potentially lessen the firm's import. John Goetz, president and co-chief investment officer of Pzena Investment Management, said one reason his firm has built a big stake in [Volkswagen](#) AG is a belief that the German auto maker, not Tesla, will become the dominant player in electric vehicles.

"VW is introducing more models over the next three years than Tesla ever will have," he said.

Each day this year, as Mr. Goetz has watched the moves of the two stocks, he has become more astonished. Volkswagen shares have slipped about 6% so far in 2020.

Mr. Goetz has become concerned Tesla might use its richly priced shares to make an acquisition or expand its business in other ways, creating more competition for Volkswagen. Still, Mr. Goetz remains confident Tesla will stumble and Volkswagen will succeed, at some point.