

Elon Musk Has Destroyed His Businesses -Tesla Slides as Analyst Warns of 'Code Red' Ahead of Earnings

By [Dana Hull](#)

[Tesla Inc.](#) shares fell on renewed questions over Elon Musk's role with the federal government and uncertainty over the company's plans to introduce a lower-cost electric vehicle.

[Wedbush Securities](#) analyst Dan Ives said Tesla's chief executive officer should step back from his controversial work at the Department of Government Efficiency and re-focus his attention on the carmaker. Tesla is facing a "code red" moment as it prepares to report first-quarter earnings Tuesday, the analyst said.

"Musk needs to leave the government, take a major step back on DOGE, and get back to being CEO of Tesla full-time," Ives wrote in a report to clients Sunday. "Tesla is Musk and Musk is Tesla... and anyone that thinks the brand damage Musk has inflicted is not a real thing, spend some time speaking to car buyers in the US, Europe, and Asia. You will think differently after those discussions."

Tesla shares slid 6% at 9:56 a.m. Monday in New York, the biggest decliner in the S&P 500 Index. The stock has lost about 44% of its value this year as a consumer backlash against Musk has contributed to a global sales slump.

Elon Musk during a cabinet meeting at the White House on April 10. *Photographer: Shawn Thew/EPA/Bloomberg*

The EV maker will delay by several months the production launch of a long-awaited lower-cost model, [Reuters reported](#) Friday, citing unidentified people with knowledge of the matter. Investors have been hopeful that a stripped-down version of its top-selling Model Y SUV could revive demand.

Tesla, Coinbase, Capital One

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Two weeks ago, Ives slashed his price target for Tesla's stock by 43%, citing a brand crisis created by Musk and US President Donald Trump's trade policies. Ives' biggest concern has been the potential for Tesla to get caught up in the backlash against Trump's tariff policies in China, where the company generated more than a fifth of its revenue last year. Musk has also become the face of Trump's efforts to slash the size and scope of the federal government, infuriating progressive consumers who are a key client base for the leading American electric vehicle maker.

Read more: [Tesla Bull Slashes Stock Price Target 43%, Citing Musk and Trump](#)



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“Tesla has unfortunately become a political symbol globally of the Trump Administration/DOGE,” wrote Ives. He then ticked off several points: Tesla’s stock has been crushed since inauguration, the company’s first-quarter delivery numbers were terrible and protests against Tesla continue. Tesla faces “potentially 15%-20% permanent demand destruction for future Tesla buyers due to the brand damage Musk has created with DOGE,” according to Ives.

When the company reports earnings Tuesday, it will face questions about volume sales for 2025, progress on autonomous driving and plans for a robotaxi network, and how tariffs will impact profitability. Looming over everything is Musk’s role in the White House.

Musk, the world’s richest person, is a special government employee, a classification for temporary federal hires who are only supposed to work 130 days out of the year in their roles. Musk is expected to step back from his role once his 130-day period has lapsed, people familiar with the matter said earlier this month.

Read more: [Musk’s Role With Trump Is Ending But His Influence to Remain](#)

Ives said he remains bullish on Tesla, maintaining an outperform rating and calling it one of the “most disruptive technology companies on the globe over the coming years.” Yet he said Tesla needs its “most important asset” — Musk — back at the company full time.

“We view this as a fork in the road time: if Musk leaves the White House there will be permanent brand damage, but Tesla will have its most important asset and strategic thinker back as full time CEO,” wrote Ives. “If Musk chooses to stay with the Trump White House, it could change the future of Tesla/brand damage will grow.”