

Tesla Motors failure could be one for the history books, JPMorgan analysts say

Lloyd Lee

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- **The decline came amid sagging sales and concerns about leadership, namely its CEO, Elon Musk.**
- **JPMorgan analysts said they couldn't find "anything analogous in the history of the automotive industry."**

Tesla has lost so much value in such a short period of time that JPMorgan analysts said they couldn't think of another comparable moment in automotive history.

"We struggle to think of anything analogous in the history of the automotive industry, in which a brand has lost so much value so quickly," they wrote, adding that the closest example was when Japanese and Korean car brands lost sales amid "diplomatic disputes" with China in 2012 and 2017, respectively.

The JPMorgan analysts wrote in a note on Wednesday that those historical cases were "confined to a single market, whereas the decline in Tesla sales in 2025 is not specific to any one nation or geography."

JPMorgan analysts cut their price target on Tesla by about 41% from \$230.58 to \$135, lowering guidance on vehicle deliveries for the first quarter of 2025 to about 355,000 — an 8% year-over-year decrease from the first quarter of 2024.

From December to Wednesday after trading hours, Tesla lost nearly 49% of its market cap, seeing its peak value of \$1.54 trillion from the end of last year fall to about \$777 billion.

This steep drop has come as Tesla experiences a global decline in sales and branding issues stemming from its chief executive's politics.

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For a moment, Elon Musk's big bet on Donald Trump seemed to pay off. Tesla was the only EV company to see its stock surge after the president's electoral victory in November. The underlying assumption appeared to be that Musk's company could benefit if the Tesla CEO had the ear of the new administration and guided the White House's efforts to slash government spending.

Now, that assumption is being challenged in some analysts' latest guidance, which notes a possible headwind in demand because of Musk's work with the Trump administration.

"Mr. Musk's work with the Department of Government Efficiency has proven controversial domestically, and while as many members of the political right may be pleased as those on the left are displeased, the effect on Tesla sales seems nevertheless negative," JPMorgan analysts wrote.

In recent weeks, Tesla showrooms across the US have seen protests and a string of vandalism incidents. Trump has rushed to Tesla's defense and said he'd consider labeling the perpetrators domestic terrorists.

Outside brand reputation, some analysts are also concerned that Musk's focus on political affairs is again distracting the CEO from his core businesses.

"After all, the simultaneous decline in both Tesla pricing and unit volume expectations did coincide with his takeover of X, the social media platform formerly known as Twitter," JPMorgan analysts pointed out.

Morgan Stanley analysts wrote in a note on Monday that Tesla shares had fallen because of "sales data, negative brand sentiment, and market de-grossing" but that they still saw a buying opportunity for the company.

"Today, with the stock down 50%, our investor conversations are focused on management distraction, brand degradation, and lost auto sales," analysts said.

A spokesperson for Tesla didn't respond to a request for comment.

Despite the company's losses, Tesla remains the most valuable car company in the world.

Second to Tesla is the legacy automaker Toyota, which has a \$292 billion market cap.

Morgan Stanley analysts noted several "catalysts" in the company's pipeline, including Tesla's robotaxi, expected to hit Austin roads later this summer, and another demonstration of Optimus, the humanoid robot anticipated before the end of the year.

But expectations for Tesla's delivery timelines may have to be tempered, given that the CEO has a history of missing his own deadlines.

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