- I don't think any other stock has captivated investors

on Wall Street or Main Street the way Tesla has.

It's just become one of the most controversial names

and one of the most watched names out there.

This summer, Tesla became the most valuable auto company

in the world,

surpassing Toyota and claiming a market cap

of nearly $183 billion before continuing its climb.

- The electric vehicle maker's stock speeding this year.

- Musk's wealth skyrocketing

thanks to a surge in Tesla shares,

making him wealthier than Warren Buffet.

- But the company's fundamentals

don't seem to explain the rise.

For example, Toyota sold almost 25 times as many

vehicles as Tesla did last year.

Instead, the rally has been driven by investor enthusiasm

for CEO Elon Musk.

In a belief by some that in the future,

cars everywhere will be powered by batteries,

not gasoline.

Here's how Tesla became the most valuable auto maker

in the world.

Tesla developed its first car in the early 2000s.

But to follow its ballooning share price,

a good place to start is last fall.

In October 2019, Tesla reported a surprise profit

for its latest quarter,

and that just sent its shares soaring.

Just a few months prior,

Tesla shares were hovering near a three year low.

The prior year, Elon Musk had tweeted

that he was going to take Tesla private at $420 a share.

And that landed him in the cross hairs of regulators.

He also kind of had a history of missing financial targets

and car delivery targets.

So that's why this surprise earning spree

was a really big deal.

Amid the rush of investor optimism,

in mid-November Musk held an event in Los Angeles

to reveal Tesla's Cybertruck.

What he did was he unveiled this pickup truck

that looked unlike any other pickup truck

we had ever seen before,

and he boasted that it was really, really durable.

At the event, a Tesla employee

threw a metal ball at the window to show its strength

but ended up breaking the glass.

- I should say also, we're going to be offering rides

in this all night.

(audience cheers)

Yeah, don't mind the glass.

(audience laughs)

- The next day, shares fell more than six percent,

but amid press around the event,

the stock quickly recovered,

and on December 23, it surged past $420.

The reason that 420 mark is kind of a milestone

is that, you know, that was kind of the tweet

that landed Musk in the cross hairs of regulators.

The SEC later said the tweet

was a reference to marijuana culture

that Musk used to amuse his girlfriend.

The shares crossing 420 later in the year,

it was kind of a victory in that sense.

In the following weeks, Tesla had a string of wins.

The company said it met its delivery goal

of 360,000 cars for the year.

And less than a year after breaking ground

at its China plant,

the car maker met its objective for Model 3 production

at the facility,

and held a press conference to celebrate deliveries

of China-made Model 3s to Chinese customers.

Many people viewed China as the world's biggest market

for electric vehicles,

so in order for Tesla to make this journey

from a small start-up to a global behemoth

producing electric cars,

Polish investors say that it needs to target that market.

So this boosted expectations for the coming year.

The investor momentum continued when on January 29,

Tesla posted a profit for the second quarter in a row.

On the earnings call,

the company said it was well on its way

to producing its next car,

the Model Y compact sport utility vehicle.

And it told investors the business should be profitable

going forward.

So this was around the time that Tesla shares

really just started to go parabolic,

and you saw Wall Street investors, Main Street investors,

kind of all piling into Tesla shares, Tesla options,

and it just kind of became this huge frenzy

around the company.

But not everyone was betting for the car company.

The fascinating thing about Tesla is that

despite its meteoric rise in the stock market this year,

it remains one of the most popular shorts,

so that means it's a really popular bet for investors

who think the shares are going to absolutely plummet.

When the stock goes up,

that's painful for a short investor.

That means that they're losing money.

So some people can't hold on

to these money-losing positions for too long,

so they have to close out their position,

and sometimes they do that by buying Tesla stock.

In this kind of unusual twist,

you have investors who think the shares are going to go down

actually helping to drive it up.

But the stock run-off was stopped short in March.

Despite investor enthusiasm,

Tesla was not immune to the market effects

of the Coronavirus lockdowns.

That month, California issued stay-at-home orders,

leading Tesla to suspend production at a factory,

and interrupting the company's ramp-up

for its newest vehicle.

The stock fell in March and then quickly bounced back

as the market started to recover.

At the heart of this downturn,

the federal reserve enacted a massive stimulus plan

to buoy the economy,

fueling a broader recovery in the stock market

that also lifted stocks like Tesla.

On April 29, Tesla reported another profit,

the third in a row.

Even through the low of the S&P 500,

the S&P was down roughly 30 percent year to date,

and meanwhile, even through that time frame,

Tesla stock was up.

So despite a recession,

a global pandemic that could crimp demand for cars,

Tesla's stock has still been resilient this year.

Then on June 10, investors pushed the auto makers' stock

past $1,000 a share for the first time ever.

After Musk told employees it was time to begin production

on the company's all electric semi-trailer truck.

By July, Tesla became the world's most valuable car maker,

overtaking Toyota,

and on the 2nd, Musk taunted the short sellers

when shares opened above $1,200 for the first time

after Tesla deliveries beat expectations

and investors anticipated the company's inclusion

in the S&P 500 Index.

In order to be considered for the S&P 500,

a company needs to deliver a cumulative profit

over four consecutive quarters,

including the most recent.

So even before Tesla's most recent earnings report,

a ton of investors were anticipating,

hey we think it's going to be profitable this quarter,

we think it's going to be in the S&P 500,

and that drove the stock even higher.

On an earnings call on July 22,

Tesla said it hit that goal,

defying the Wall Street bears who expected a loss.

- We were able to achieve

a fourth consecutive profitable quarter,

and although the automotive industry was down

about 30% year over year in the first half of the year,

we managed to grow deliveries

in the first half of the year.

- If you bought 10 shares of Tesla last June, in June 2019,

it would have cost you a little more than $1,700.

If you held on to that investment through late July,

it would have been worth more than $15,000.

Bears still say that the stock is going to go down.

They don't think that Tesla will bring electric vehicles

to the masses.