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Is Tesla Stock a Buy Amid Analyst Downgrade and Share Buyback Demand?

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InvestorPlace
(https://investorplace.com/)

May. 20, 2022, 01:41 PM

InvestorPlace - Stock Market News, Stock Advice & Trading Tips (https://investorplace.com)

- **Tesla (TSLA)**
(https://investorplace.com/stock-quotes/tsla-stock-quote/)) has faced plenty of bearish pressure this week.
- TSLA stock dropped more than 16% over the past five days and is now down 46% in 2022.
- Investors should look to the long term and take advantage of the latest drop in TSLA share prices.



Source: Michael Vi /

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Telsa (NASDAQ:TSLA

(<https://investorplace.com/stock-quotes/tsla-stock-quote/>)

investors are accustomed to the company being in headlines.

However, for the past six weeks,

it has been especially chaotic,

kickstarted by Tesla CEO Elon

Musk's side hustle of **trying to**

buy social media platforms

([https://investorplace.com/20](https://investorplace.com/2022/04/twitter-twtr-stock-soars-on-news-elon-musk-bought-9-2-of-the-company/)

22/04/twitter-twtr-stock-

soars-on-news-elon-musk-

bought-9-2-of-the-company/).

Things got really interesting this

week. Wedbush analyst Dan Ives

— a noted Tesla Bull — **slashed**

his price target

([https://investorplace.com/20](https://investorplace.com/2022/05/why-tesla-fan-dan-ives-just-slashed-his-price-target-on-tsla-stock/)

22/05/why-tesla-fan-dan-ives-

just-slashed-his-price-target-

on-tsla-stock/) from \$1,400 to

\$1,000. Billionaire Leo Koguan

claims to be the third-largest

individual Tesla shareholder. He

called for the company to use its

free cashflow **to buy back \$15**

billion

([https://www.cnbc.com/2022/](https://www.cnbc.com/2022/05/19/tesla-investor-calls-for-stock-buyback-after-share-price-falls.html)

05/19/tesla-investor-calls-for-

stock-buyback-after-share-

price-falls.html) in Tesla stock

over the next two years. TSLA

stock **was also removed**

([https://www.barrons.com/art](https://www.barrons.com/articles/tesla-s-p-500-esg-index-51652886703?adobe_mc=MCMID=2029400540636729297300305881103217)

icles/tesla-s-p-500-esg-index-

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**9314%7CMCORGID=CB68E4BA
55144CAA0A4C98A5%2540Ad
obeOrg%7CTS=1652981128)**
from the **S&P 500** ESG Index.
Those are some pretty major
headlines.

Throw in the general market
volatility because of economic
factors and Russia's invasion of
Ukraine, and you have TSLA
stock trading at prices not seen
since last August. If you are okay
with the potential for further
volatility in the short-term,
buying TSLA stock at this price is
a solid move for building your
long-term growth portfolio.

Ticker Company Current Price TSLA

(<https://investorplace.com/stock-quotes/tsla-stock-quote/>) Tesla
\$640.25

The Current Panic Focuses on Short-Term Concerns

Why would you want to buy Tesla
stock when it's being battered so
thoroughly?

The key to the current price drop
is economic headwinds in 2022,
including a Covid-19 resurgence
in China. The stock market in
general is being hit by economic
concerns. Investors are worried
about inflation, rising interest
rates and the potential for a
recession. All of the things would
be a challenge for Tesla, of
course. Keep in mind that the
company has already been

making big moves in response, including a series of price hikes. Doing so has done nothing to reduce demand for its EVs.

If the situation spirals to the point of a recession, Tesla could see sales impacted. However, Tesla's **wealthy buyers are less likely to feel the effects of a recession**

([https://www.forbes.com/sites/teresaghilarducci/2020/05/25/who-wins-in-recessions-the-rich-and-lucky/?](https://www.forbes.com/sites/teresaghilarducci/2020/05/25/who-wins-in-recessions-the-rich-and-lucky/?sh=405a6d1241d2)

[sh=405a6d1241d2](https://www.forbes.com/sites/teresaghilarducci/2020/05/25/who-wins-in-recessions-the-rich-and-lucky/?sh=405a6d1241d2)). And recessions don't last forever.

The China problem — the reason for Wedbush's downgrade — is bigger, but will be short-lived. In a nutshell Wedbush's Dan Ives is concerned about the shutdowns of Tesla's Shanghai gigafactory due to Covid-19 lockdowns. This slashed production at the plant in April and lockdowns have impacted demand in China.

- 7 Undervalued Growth Stocks to Buy Now (<https://investorplace.com/2022/05/7-undervalued-growth-stocks-to-buy-now/>)

However, this is very much a short-term issue and the plant is now back in operation. The aftermath may cause additional volatility for TSLA stock, but that won't last for long. So don't be

overly worried about the beating Tesla stock is taking at the moment.

The Growth Picture for Tesla Stock Looks Solid

Tesla is humming. It's setting **all-time electric vehicle (EV) delivery records**

(<https://electrek.co/2022/04/02/tesla-tsla-beats-all-time-delivery-record-q1-2022/>) in

2022. Its Texas and **Berlin Gigafactories**

(<https://investorplace.com/2022/05/tsla-stock-is-down-today-but-giga-berlin-growth-means-gains-are-ahead/>) are

open, massively upping its production capacity. The Cybertruck is coming. Earlier this week, Tesla **started taking deposits on its all-electric semi truck**

(<https://www.theverge.com/2022/5/17/23088465/tesla-semi-truck-deposit-reservation-20-k>).

Tesla is the front-runner in a global EV market that is **projected to be worth nearly \$824 billion in 2030** (<https://www.alliedmarketresearch.com/electric-vehicle-market>). Considering \$163 billion in EVs were sold in 2020 — many of those by Tesla — the long-term growth potential for TSLA stock is obvious.

Should You Buy TSLA Stock?

The volatility in TSLA and the overall downward trajectory has investment analysts beginning to look a little more cautiously at Tesla stock. However, the overall picture remains largely positive — despite moves like Wedbush slashing its price target.

Checking in with *CNN Business*, the 42 investment analysts polled have TSLA stock rated as a consensus “buy.” Their median price target of \$1,108 offers an upside of about 70%.

TSLA stock also earns a coveted “A” rating in *Portfolio Grader*. If you can stomach likely continued volatility in the short term, buying Tesla stock now will add a high-performance, long-term growth stock to your portfolio at a bargain price.

On the date of publication, neither Louis Navellier nor the InvestorPlace Research Staff member primarily responsible for this article held (either directly or indirectly) any positions in the securities mentioned in this article.

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