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Tesla shares slump after European sales fall

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Shares in electric car maker Tesla have slumped more than 9% after EU and UK sales fell by almost half in January.

The drop in Tesla shares took the company's valuation back below \$1trn for the first time since November 2024.

Tesla has been facing stiff competition in the European market from Chinese and other manufacturers.

In addition, Tesla owner Elon Musk has been making controversial political waves on both sides of the Atlantic, an analyst said.

Tesla sales in January bucked European electric car sale trends, which grew by more than a third in the month, according to trade body Acea.

Instead, Tesla sales across the EU, EFTA and the UK fell more than 45%, and more than 50% in the EU alone.

It comes after Tesla sales fell last year for the first time in more than a decade as demand faltered and rivals gained pace.

The main factor in the January sales slump was likely to be increasing competition, AJ Bell investment director Russ Mould said.

Chinese manufacturer BYD has been making big strides, in part because it includes as standard some features which cost extra from other makers, Mould said.

However, some car buyers may also be taking a "principled stand" on Musk's political interventions, he said.

Musk has made waves in the US with his involvement in slashing US development funds and efforts to drastically reduce US federal funding.

In the UK he supports jailed far-right activist Stephen Yaxley-Lennon, also known as Tommy Robinson, and repeatedly criticised Prime Minister Sir Keir Starmer.

Musk also supports the far-right AfD party in Germany, and congratulated its leader after the party's record second-place result in elections.

Too toxic?

Asked if the reason for Tesla's share price slump was down to Musk being too toxic, a former senior director of the car maker's Europe, Middle East and Asia division said it was "definitely one of the reasons for the decline", but added there was a "cumulative number of things that are piling up a domino effect".

"There's no doubt his flirting with the right in politics, running around on TV with a chainsaw is not exactly helping his image," Peter Bardenfleth-Hansen told the BBC's Today programme.

"He may be getting a bigger fanbase within a specific type of clientele, but they're not the ones that are buying the Teslas. They're not the ones putting money in to his company. So he has a problem."

Tesla shares got a big boost after the US election due to Musk's closeness to Donald Trump - Musk has described himself as "first buddy" to the US president.

Investors thought this would stand his businesses in good stead.

However, Trump is not a supporter of electric vehicles, and has said he will cancel efforts to boost their ownership.

"How anybody thought this was going to be good for Tesla, I don't know," Mould said.

There is also general market skittishness about the path of interest rate cuts and concerns about Trump tariff plans that could be contributing to the fall, he added.

Tesla

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