

Tesla shares under pressure after carmaker announces price cuts

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Shares in Tesla came under pressure on Monday after the electric carmaker announced a round of price cuts ahead of a difficult set of results for the company's chief executive, Elon Musk. Tesla stock fell as much as 5% in early trading before recovering slightly to a deficit of 3.4% in the wake of the price reductions around the globe, including slashing the cost of three of its leading electric vehicles (EVs) and its self-driving software. Musk revealed at the weekend that he had postponed a trip to India, including a planned meeting with the prime minister, Narendra Modi, because of "very heavy obligations" at the company. The CEO faces a key conference call with the investment community on Tuesday, when Tesla's latest quarterly figures are expected to reveal its worst performance in seven years. Tesla's results come amid slowing global demand for EVs and pressure on prices from Chinese rivals. The company has already indicated a poor first quarter in terms of sales, after it revealed this month that deliveries missed market expectations by about 13%. Tesla attempted to boost demand for its EVs late on Friday by cutting the prices of three of its five models in the US, then went on to cut prices around the world over the weekend, including in China, the Middle East, Africa and Europe. It cut the US prices of the Model Y, Tesla's most popular model and the top-selling EV, and also of the older and more expensive Models X and S. Those cuts reduced the starting price for a Model Y to \$42,990 (£34,874), and to \$72,990 for a Model S and \$77,990 for a Model X. It also slashed the US price of its Full Self-Driving driver assistance software from \$12,000 to \$8,000. It also emerged on Friday that Tesla was recalling all 3,878 Cybertrucks it has shipped since the vehicle was released in late 2023 because of a faulty accelerator pedal. A filing from the US safety regulator said owners had reported that the pedal pad could come loose and get lodged in the interior trim, causing the vehicle to accelerate unintentionally, increasing the risk of a crash. Dan Ives, the managing director of the US financial services firm Wedbush Securities, said investors' reaction to the price cuts on Monday showed they were worried "Tesla is panicking", as well as reflecting concerns that the reductions would hit margins – a measure of profitability. Tesla has already reacted to the slowdown by cutting more than 10% of its global workforce, equivalent to at least 14,000 roles. Musk faces questions on Tuesday about growth in China, plans for a cheaper electric car known as the Model 2 and whether a reported switch in focus to self-driving robotaxis will affect the project. Shares in Tesla have declined more than 40% so far this year. Analysts at Wedbush wrote last week that Tuesday's conference call represented a "moment of truth" for Musk and Tesla. "While we have seen much more tenuous times in the Tesla story going back to 2015, 2018, 2020 ... this time is clearly a bit different as for the first time many longtime Tesla believers are giving up on the story and throwing in the white towel," Wedbush wrote in a note to investors. Reuters reported this month that Tesla had halted

development of the Model 2, prompting Musk to post on X that "Reuters is lying", without citing any inaccuracies. Musk said this weekend he would reschedule the India trip to a later date this year. He had been due to visit on 21 April and 22 April, where he had been expected to announce an investment of \$2bn-3bn in India, according to Reuters, with the spending plans focused on building a new plant. Musk's now-postponed visit to Delhi had also been expected to include meetings with executives at space industry startups. The billionaire is awaiting Indian government regulatory approvals to begin offering his Starlink satellite broadband service in the country.