

Tesla shares bounce as Musk risk seen as overblown

10 September 2018



Elon Musk is 'not your typical CEO,' ana analyst said, but Tesla is on track to meet manufacturing targets which could boost the share price

Tesla shares bounced Monday following an upbeat analyst note that suggested worries about chief executive Elon Musk and his various controversies were exaggerated.

Alliance Bernstein analyst Toni Sacconaghi, Jr. said much of the pressure on Tesla shares over the last month has been due to the sense Musk is "running wild and can't be contained" following a patch of erratic behavior, including a podcast appearance Thursday night in which he smoked marijuana.

"Musk is not your typical CEO," Sacconaghi wrote. "As long as he doesn't self-destruct, we think this is the reality (show) of being a Tesla investor."

But, he said, "if Elon and the Board wisely choose to add an [executive](#)'adult in the room' and manage to restrict his twitter/public commentary, it would likely be viewed positively."

Near 1915 GMT, Tesla shares were up 6.5 percent

to \$280.22, recovering from Friday's selloff prompted by the news of two executive departures and criticism of Musk's pot-smoking podcast appearance.

The gains also came after Musk himself said in an email to employees late Friday that the company was on track for the "most amazing quarter in our history" and urged employees to ignore "fuss and noise" about the company in the media.

The note said a US securities probe following Musk's brief flirtation with taking the electric car maker private was unlikely to have an impact, although the frequent turnover of senior Tesla executives was more concerning.

But Sacconaghi said the company remained on track to meet key car manufacturing targets in the third quarter and predicted shares would return to their historic range as the aborted go-private campaign becomes a more distant memory.

"We see relatively little downside risk from fundamentals in the near-term, especially given somber expectations," the note said.

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APA citation: Tesla shares bounce as Musk risk seen as overblown (2018, September 10) retrieved 15 September 2019 from <https://phys.org/news/2018-09-tesla-musk-overblown.html>

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