

GM regains crown on Wall Street as Tesla shares slump

NEW YORK, US: General Motors regained its spot as the biggest US carmaker by market capitalisation amid greater investor skepticism that chipped away at rival Tesla Motors.



Near 6:45pm GMT on Thursday, 6 July 2017, GM had a market capitalisation of \$52.6bn, about \$1.9bn more than the electric car maker, which had overtaken GM in April.

GM shares dipped 0.6% to \$34.80, while Tesla slumped 6.0% to \$307.45.

Tesla had a big edge over GM in market value as recently as 30 June 2017, but shares reacted poorly to Tesla's latest car delivery figures.

The electric car giant, the brainchild of the charismatic Elon Musk, announced last week it would produce its first mass-market Model 3 sedans two weeks ahead of schedule, with the first deliveries set for 28 July 2017.

Crucial to Tesla's visions

The Model 3, which targets the middle market with a price of just \$35,000, is seen as crucial to Tesla's visions to bring electric cars mainstream.

However, analysts instead fixated on the second quarter delivery pace, which came in at 22,000 vehicles, less than the 23,655 expected by analysts.

Goldman Sachs last week slashed its six-month price target on Tesla shares to \$180 per share, warning that demand for the company's established cars was "plateauing," pressuring profit margins.

Crash test fail

And Tesla's Model S once again fell short of the top rating in a key crash test by the Insurance Institute for Highway Safety, which means it failed to achieve the rank of IIHS Top Safety pick, the agency announced Thursday.

Adding to Tesla's woes, the company is facing a more crowded market after Swedish rival Volvo announced last week that it will phase out production of conventional petrol-only cars from 2019, with all new models to be either electric or hybrids.



Volvo to only produce electric cars from 2019

7 Jul 2017



Source: AFP

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