



Tesla Stock Is Plunging, But It's Cheaper, Right? Not By This Earnings Metric.

Description

Embarking on this fiscal year, the electric vehicle powerhouse Tesla (TSLA) has navigated **arduous** times, observing a **devastating** decline of over a third in its value. Contrary to expectations that such a downturn would make Tesla stocks more **affordable**, this theory has proven **erroneous**.

During significant market **depressions**, investors and Wall Street pundits often advocate for buying depreciated stocks, citing **cost-efficacy**. Yet, Tesla's shares have regressed by approximately 34.2% this year, marking it as the S&P 500's most **lackluster** performer, now 60.5% below its late 2021 peak. Notably, despite price reductions, Tesla has paralleled the dropping earning estimates amidst lower-than-expected delivery outcomes.

Tesla Stock Evaluation

Analysts have **attenuated** their 2024 earnings per share projections for Tesla to \$2.97, a sharp decline from previous figures, indicating a forward price-earnings ratio of 55.0 as of mid-March. This ratio, albeit reduced from earlier in the year, still significantly **surpasses** the industry average.

The recent **downward revisions** in Tesla's earnings estimates have pushed its 2024 P-E ratio to 62.4, situating it at the high end of its recent range. For 2025, the EPS estimate has been adjusted to \$4.06, with the P-E ratio at 40.2, hinting at potential further decreases.

Globally, Tesla's **valuation** markedly **outstrips** that of traditional automotive giants like Toyota and General Motors, and even emerging EV player Li Auto, highlighting the **growth conundrum** Tesla faces as it struggles to reaffirm its growth company status.

An Optimistic Projection for Tesla Stock

Tesla enthusiasts look beyond 2025, envisioning ambitious plans for next-gen EVs and ventures in autonomous driving, robotics, and AI. Analysts like Adam Jonas of Morgan Stanley speculate that Tesla's market value largely banks on the fruition of these bold initiatives. Yet, the question of whether Tesla can actualize these plans and justify its lofty shares remains an **intriguing** uncertainty.

Vocabulary Insights:

- **Arduous** (/ˈɑːr.dʒ.u.əs/, Adj.): Involving or requiring strenuous effort; difficult and tiring.
- **Devastating** (/dɪ.vəˈsteɪ.tɪŋ/, Adj.): Highly destructive or damaging.
- **Affordable** (/əˈfɔːr.də.bəl/, Adj.): Considered to be within one's financial means.
- **Erroneous** (/əˈrɒ.ni.əs/, Adj.): Wrong; incorrect.
- **Depressions** (/dɪˈpreʃ.ən.z/, Noun): Periods of significant economic downturn.
- **Cost-efficacy** (/kɒst.ɪˈfɪ.kə.si/, Noun): The effectiveness of an endeavor relative to its cost.



- **Lackluster** (/læk?l?st?r/, Adj.): Lacking in vitality, force, or conviction; uninspired or uninspiring.
- **Attenuated** (/t?njue?t?d/, Verb): Weakened or reduced in force, intensity, effect, quantity, or value.
- **Surpasses** (/s?r?pæs?z/, Verb): Exceeds; goes beyond what is expected or usual.
- **Downward revisions** (/da?nw?rd r?v??nz/, Noun): Adjustments made to lower previously estimated figures.
- **Valuation** (/vælju?e??n/, Noun): The process of determining the current worth of an asset or a company.
- **Growth conundrum** (/ro?? k?n?ndr?m/, Noun): A puzzling situation in which a company struggles to maintain or justify its status as a growing entity.
- **Intriguing** (/n?tri??/, Adj.): Arousing one's curiosity or interest; fascinating.

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Vocabulary List:

1. **Arduous** // (Adjective): Involving or requiring strenuous effort difficult and tiring.
2. **Devastating** // (Adjective): Highly destructive or damaging.
3. **Affordable** // (Adjective): Considered to be within one.s financial means.
4. **Erroneous** // (Adjective): Wrong incorrect.
5. **Depressions** // (Noun): Periods of significant economic downturn.
6. **Cost-efficacy** // (Noun): The effectiveness of an endeavor relative to its cost.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is the meaning of the word "compelled"?
Option: A. Hindered
Option: B. Voluntarily motivated
Option: C. Made to do something
Option: D. Discouraged
2. Which of the following is a synonym for "eminent"?
Option: A. Insignificant
Option: B. Prominent
Option: C. Common
Option: D. Mediocre
3. How would you describe the impact of something devastating?
Option: A. Mild
Option: B. Positive
Option: C. Severe
Option: D. Temporary
4. What does "feasible" mean?
Option: A. Unreasonable
Option: B. Unattainable
Option: C. Achievable
Option: D. Impractical
5. Which term best describes a volatile situation?



- Option: A. Stable
- Option: B. Predictable
- Option: C. Unstable
- Option: D. Secure

6. What does the word "cascade" imply?

- Option: A. Slow trickle
- Option: B. Fast flow
- Option: C. Steady stream
- Option: D. Still water

7. How would you describe an anticipated event?

- Option: A. Unexpected
- Option: B. Predicted
- Option: C. Delayed
- Option: D. Unnoticed

8. What is the best description of something arduous?

- Option: A. Simple
- Option: B. Challenging
- Option: C. Effortless
- Option: D. Quick

9. What does "resurgence" signify?

- Option: A. Decline
- Option: B. Recovery
- Option: C. Stagnation
- Option: D. Regression

10. Which term is synonymous with "mogul"?

- Option: A. Peasant
- Option: B. Tycoon
- Option: C. Novice
- Option: D. Helper

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The team successfully _____ the necessary supplies for the project.

12. The sudden _____ of new members overwhelmed the small club.



13. The tension in the room was so thick it felt almost _____ .
14. The company saw a gradual _____ in sales over the past few months.
15. The organization started as a small _____ movement before gaining national attention.
16. Although he tried to keep up a _____ of normalcy his anxiety was evident.
17. The team had high _____ for the upcoming product launch.
18. The lack of rain _____ the region's drought conditions.
19. The decision had unforeseen _____ that affected the entire industry.
20. There was a sudden _____ in demand for the popular product.
21. The stock market has been experiencing an _____ in prices recently.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)



22. The car experienced a sudden on the highway causing a delay.
23. Despite his efforts he felt of completing the challenging task.
24. The ongoing construction caused frequent to the usual traffic flow.
25. The new housing development aimed to provide options for young families.
26. The limited seats for the event were quickly due to high demand.
27. Despite the chaos he managed to maintain a of calmness.
28. The company's profits took a sudden after the market crash.
29. Investors value high in assets for easy conversion to cash.
30. The team's high for the project fueled their determination.
31. The complex between the characters added depth to the storyline.

Answer

Multiple Choice: 1. C. Made to do something 2. B. Prominent 3. C. Severe 4. C. Achievable 5. C. Unstable 6. B. Fast flow 7. B. Predicted 8. B. Challenging 9. B. Recovery 10. B. Tycoon

Gap-Fill: 11. procured 12. influx 13. palpable 14. decrement 15. grassroots 16. semblance 17. anticipations 18. exacerbated 19. repercussions 20. surge 21. uptrend

Matching sentence: 1. Breakdown 2. Incapable 3. Disruptions 4. Affordable 5. Oversubscribed 6. Semblance 7. Nosedive 8. Liquidity 9. Anticipations 10. Interplay

CATEGORY

1. Business - LEVEL6

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