Tesla’s Troubles: Politics, Protests, and Fierce Competition

2024 was the year of the so-called Magnificent Seven - large mega-cap, tech-driven giants like Apple, Nvidia and Tesla that delivered incredible returns. But if you’ve glanced at the news lately, 2025 is telling a different story. Most of these stocks are down sharply, with Tesla’s performance standing out as the worst.

Tesla’s stock soared 62% in 2024 but has crashed 36% in 2025, erasing billions in value. Last year, it surged after the so called “Trump bump”, but this year, as Elon Musk has become more high profile - and increasingly controversial – his actions appear to be having a direct negative impact on Tesla. So, what’s going on?

Tesla is more than just a car maker - it’s a bet on electric vehicles (EVs), self-driving technology, and green energy dreams. However, 2025 has been particularly challenging. Early sales reports show a decline compared to the same period in 2024, especially in China and Europe. Boycotts are popping up, and across the US and Canada, protests and reports of Tesla vehicles being vandalized are surfacing – all seemingly in response to Musk’s outspoken support for US President Trump.

At the same time, competition in the EV space is heating up. China’s BYD is surging ahead, producing exceptional vehicles at very attractive price levels. In 2024, BYD matched Tesla’s EV sales, and in 2025, it has continued on a steep growth trajectory, making major advances in battery charging technology. The company has just reported exceptionally strong sales numbers of $107 billion for 2024.

Meanwhile, at Tesla, Musk appears increasingly distracted, juggling CEO responsibilities with political demands of Washington. However, seasoned investors have learnt to never bet against Musk. Tesla still holds potential and therefore optionality, with its ventures into robotaxis and solar power. After the recent sharp price decline, many investors saw a bargain – leading to a 20% rebound in the share price from last Thursday.

Conclusion

Tesla has been a wild ride - down significantly but far from out. The extreme volatility in both the business and its share price reflects the broader trend among mega-cap stocks. Many, including Tesla, still appear expensive, which is why the more value focused fund managers continue to steer clear.

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If you have any questions, Ian and our team would love to hear from you on global@seedinvestments.co.za.

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