
Musk's 'America party' launch triggers Tesla stock decline



Published on July 7, 2025

Document Date: Sun, Dec 28 2025 12:26:37 pm

Category: ,English,International - ,Snippets

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Tesla shares tumbled over 6% in premarket trading Monday after CEO Elon Musk announced the formation of a new political group, the America Party. The move stirred unease among investors already concerned about Musk's growing political involvement during a pivotal phase for Tesla. Musk conducted a poll on his platform X, asking whether a new political party should be created. With over 79 million votes cast, 65% supported the idea. His announcement followed criticism of

President Trump's newly passed "One Big Beautiful Bill," which slashes taxes but is projected to increase the national debt by nearly \$4 trillion over the next decade.

Analyst Dan Ives of Wedbush Securities called Musk's political shift "a red flag" for investors, warning it comes at a critical time as Tesla prepares to launch self-driving taxis and humanoid robots by 2026 products expected to redefine the company's future value. Tesla's core electric vehicle business is already under pressure, with first-half 2025 sales down 13% year-over-year well below Wall Street expectations.

President Trump slammed Musk's move, calling it "chaotic" and warning that third parties have historically failed in the U.S. political system. Meanwhile, analysts note that Musk's political rhetoric may be alienating key customer segments, particularly left-leaning EV buyers.

Tesla is scheduled to report second-quarter earnings on July 23, with investors watching closely to assess how Musk's political focus might affect long-term business strategy.

Despite the dip, Ives maintains a Buy rating on Tesla stock with a \$500 price target, though he acknowledges growing investor fatigue. Market technician Katie Stockton suggests the \$300 level may offer technical support in the short term.

The broader impact of Musk's political ambitions remains unclear but for Tesla shareholders, business distractions are becoming harder to ignore.