

# Tesla cuts U.S. prices again ahead of 1Q earnings release

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A Tesla electric vehicle emblem is affixed to a passenger vehicle Sunday, Feb. 21, 2021, in Boston. Tesla is dropping prices for the third time since late last year in an apparent effort to attract new buyers. The cuts range from \$5,000 for slower-selling high-priced models to \$1,000 at the low end of its price range. Credit: AP Photo/Steven Senne, File

Tesla dropped the starting prices for its two top-selling models overnight, the company's fourth price cut in the U.S. this year.

The company lopped \$3,000, or about 6%, off the starting prices for all three versions of the Model Y small SUV, Tesla's top-seller. It also cut \$2,000, or about 5%, from the starting price of a version of the Model 3 small sedan.

Tesla could have cut the Model 3 prices to make more cars loaded with options eligible for the U.S. government's \$7,500 electric [vehicle](#) tax credit. With options, some Model 3s would exceed the government's \$55,000 price limit for cars to be eligible for the credit.

But some [industry analysts](#) say demand may be slowing for the company's vehicles as more competition enters the market. Others say Tesla is using its high profit margins to take [market share](#) from competitors.

The price cuts at Tesla dragged down its shares and those of other major electric vehicle makers as well.

Shares of Tesla Inc. slid 2%. After major declines last year, the company's stock is bouncing back, up almost 50% so far in 2023.

A message was left Wednesday morning seeking comment from Austin, Texas-based Tesla.

The cuts follow price drops earlier this week overseas, with analysts reporting cuts in Europe, Israel and Singapore.

They come just ahead of Tesla's first-quarter earnings release scheduled for after the closing bell on Wednesday.

The \$3,000 price cuts on the Model Y dropped the lowest-priced Dual Motor [model](#) to \$46,990. The Long Range model went to \$49,990 and the Y Performance dropped to \$53,990. All versions of the Model Y were already eligible for the U.S. tax credit because the price limit for SUVs is \$80,000.

The Model 3 Rear Wheel Drive, Tesla's lowest-priced vehicle, saw a cut to \$39,990. The Model 3 Performance version stayed the same at \$52,990.

Neither of Tesla's slower-selling bigger models, the S and X, are eligible for tax credits, and prices remained the same Wednesday for both of them.

CEO Elon Musk has said that demand for the company's cars is limited by affordability. "There is plenty of demand for our products, but if the price is more money than people have, that demand is irrelevant," he wrote on Twitter earlier this month.

Fueled by previous price cuts, [Tesla's first-quarter sales grew by 36%](#), but they still fell short of analyst expectations. The company said it delivered a quarterly record of 422,875 vehicles worldwide from January to March, up from just over 310,000 a year ago. The increase fell short of analyst estimates of 432,000 for the quarter, according to FactSet.

Analysts are watching Tesla's financial results to see if the price drops cut into profit and margins per vehicle.

Shares of Tesla Inc. fell 2%. Shares of Rivian, Lucid, Nikola Lordstown and Chinese electric automaker Rio tumbled between 4% and 7%.

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