

A Crazy Weekend of EV Deliveries From Tesla, Rivian Taught Us a Few Things

By

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Investors were hit with flurry of delivery results from global auto makers over the past couple of days.

The EV shakeout in the auto industry has begun.

These days, investors are deluged [with sales and production data](#) at the start of every month and every quarter.

The industry is going through a particularly tumultuous period. Nonetheless, some important trends are emerging.

Here are six things *Barron's* learned from recent automotive news:

Tesla Needs a Lower-Priced EV

[Tesla TSLA -6.12%](#) (ticker: TSLA) sits atop the mountain of electric vehicle sales. It might not be there forever. [BYD](#) (1211. Hong Kong) is [growing faster](#) than Tesla. It's achieving that feat not by attacking Elon Musk's Tesla head on. It's dominating lower-priced segments of the electric vehicle market.

BYD sold 547,917 electrified vehicles in the first quarter of 2023, including 264,647 all-electric vehicles. (BYD also sells plug-in Hybrids.)

Tesla sold 422,875 EVs in the first quarter. It grew deliveries 36% year over year. BYD, however, grew its battery-electric sales 85% year over year.

A Tesla EV in China can cost twice as much as a BYD EV. To grow like BYD, Tesla needs a lower price EV, something below \$30,000, to compete in more segments of the EV market. Tesla is working on a lower price EV. It might arrive as soon as [late 2024](#). Tesla bulls hope that happens.

It's Not Easy Being Small

In the middle of 2022, units sales over the past 12 months at [NIO NIO -6.76%](#) (NIO), [XPeng XPEV -0.99%](#) (XPEV) and [Li Auto](#) (Li), three Chinese EV start-ups, were growing more than

100% year over year. By the end of 2022, combined sales were growing 34% year over year. With [March results](#) in, combined sales are growing 18% year over year.

Sales growth is decelerating and those three, combined, likely lost market share in Q1. (Final Chinese numbers for March aren't out, but the market was growing faster than those three in January, February and early March.)

BYD and Tesla gained shared in China during Q1. It was good to be big.

Building EVs is Hard

[Rivian Automotive](#) (RIVN) built [9,395 EVs](#) in the first quarter, down from 10,020 built in the fourth quarter of 2022. Rivian told investors it was taking some plant downtime to modify operations, still the Q1 number missed estimates from Battle Road Research. Rivian's production number "shows that Rivian has its work cut out for itself to meet the company's full year 2023 production target of 50,000 vehicles," said Battle Road Research analyst Jonathan Rowe.

Rivian isn't the only one struggling to build more EVs. [Ford Motor](#) (F) hasn't reported March numbers yet, but it halted production of its F-150 Lightning electric pickup truck in mid-February after it encountered a battery issue. Production restarted March 13.

Americans Like EVs

Audi [sold more](#) EVs in U.S. during the first quarter compared with a year ago. So did [General Motors](#) (GM). GM cracked [20,000 EV units](#) sold in a quarter in the U.S. for the first time in Q1.

When all the numbers are in, U.S. battery-electric sales likely rose between 40% and 50% year over year, putting EV penetration of new car sales between 7% and 8%. EV penetration of new U.S. car sales in 2022 was about 6%.

Incentives Matter

Not everyone grew EV sales though. [Hyundai](#) (005380. Korea) [sold 8% fewer](#) all-electric Ioniq 5 vehicles in the first quarter of 2023 than it did in 2022. That vehicle isn't assembled in North America and doesn't qualify for the \$7,500 purchase tax credit that was passed as part of the Inflation Reduction Act.

Expectations Always Matter

Tesla stock dropped 6.1% Monday after the company reported [slightly better](#) than expected delivery number Sunday. The [S&P 500 SPX +0.37%](#) and [Dow Jones Industrial Average DJIA +0.98%](#) rose 0.4% and 1%, respectively.

Dropping after a small delivery “beat” might be surprising, but Tesla stock rose 68% in the first quarter of 2023. Expectations always rise along with stock prices.

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