

## *Tesla Sales Rose in the First Quarter*

The electric car company's decision to slash prices appears to have offset the effect of higher interest rates.

By [Jack Ewing](#)

Jack Ewing has covered the auto industry for more than a decade.

Tesla sales rose 5 percent in the first three months of the year after it cut prices on its electric cars, helping to compensate for slowing economic growth and rising interest rates.

Tesla said Sunday that it delivered nearly 423,000 vehicles from January through March, up from 405,000 in the last quarter of 2022.

The company delivered 310,000 vehicles in the first quarter of 2022. The 36 percent increase from a year ago "indicates that demand for E.V.s remains strong, with Tesla the safe choice among E.V. buyers," said Ben Rose, president of Battle Road Research.

"While the precise impact of recent price cuts and tax credits are difficult to determine," Mr. Rose said in an email, "both act as tailwinds for the company."

All automakers are contending with the drag on sales from rising interest rates, which increase the cost of monthly car payments. But the Tesla sales figures could disappoint some investors who were expecting sales to top 430,000 vehicles in the quarter.

Tesla, which dominates sales of electric vehicles in the United States, has recovered some of the credibility with investors that it lost during a [tumultuous 2022](#), when Elon Musk, the automaker's chief executive, was distracted by his acquisition of Twitter. Tesla shares have risen 90 percent so far this year, though they are still worth about half as much as they were in November 2021.

In the United States, Tesla was among the chief beneficiaries of changes to the federal tax credits available to buyers of electric cars. Last year, Democrats eliminated a cap on the number of vehicles from a given manufacturer that qualified for the \$7,500 credit. Tesla had used up its quota but in January purchases of its two most popular cars regained eligibility for the \$7,500 tax credit.

The [tax credit rules](#) will become more stringent on April 16, requiring companies to acquire battery components and battery minerals from the United States or its allies. Tesla has told buyers that its least expensive version of the Model 3 sedan, which uses a battery made in China, will no longer receive the full credit.

But Tesla is probably ahead of competitors like Ford Motor in meeting the requirements for other models.

Tesla has also been able to ramp up production at new factories near Austin, Texas, and outside Berlin, reducing the time customers have to wait for cars. Tesla said in March that the Berlin factory increased its production capacity to 5,000 cars per week.

Investors remain concerned about Tesla sales in China, where it faces intense competition from domestic competitors like BYD. Tesla did not provide a breakdown of sales in China or other regions in a [news release](#) on Sunday.

And Tesla's ability to dominate the U.S. market will be tested this year as established carmakers roll out new electric models. General Motors plans to begin selling three new electric cars in 2023, including a sport utility vehicle with a base price of around \$30,000 and a pickup truck starting at about \$40,000 — both cheaper than Tesla's most affordable car, which starts at about \$43,000.

Mr. Musk has promised that the company's much delayed [Cybertruck](#) will go on sale before the end of the year. But mass production of the futuristic looking pickup will not begin until 2024. Until then, Tesla will have no offering in one of the most popular segments in the United States.

[Jack Ewing](#) writes about business from New York, focusing on the auto industry and the transition to electric cars. He spent much of his career in Europe and is the author of "Faster, Higher, Farther," about the Volkswagen emissions scandal. [More about Jack Ewing](#)