



Has Tesla Peaked? A Historical Chart Study

*The run-up in the price of Tesla stock is truly jaw dropping and few stocks have been able to replicate such a move in such a short period of time. Has Tesla run too far too fast? Can the stock keep up this level of momentum? Rather than guess how many electric vehicles they can sell or how many windows they can throw rocks at, I'm not interested in price targets or 'fair value' estimates. I'm interested in the charts. **I've gone back to 1995 on historical S&P 500 stocks and looked at all the prior stocks that have made such a run.** This is not an exhaustive list, I pulled out some that were a result of a massive single day gap higher and/or didn't reflect a similar trend length that lasted more than just a handful of days.*

I'm going to show many of them below and you'll see a common pattern:

- Few are able to continue the trend higher*
- Many of them occurred during the heyday of the tech bubble during the late 1990s, where many stocks were making incredible runs. I'd argue this isn't such an environment today where we have just one... Tesla.*

First, I ran a study that looked for stocks that met the below criteria (green arrows mark on the chart when the criteria was met):

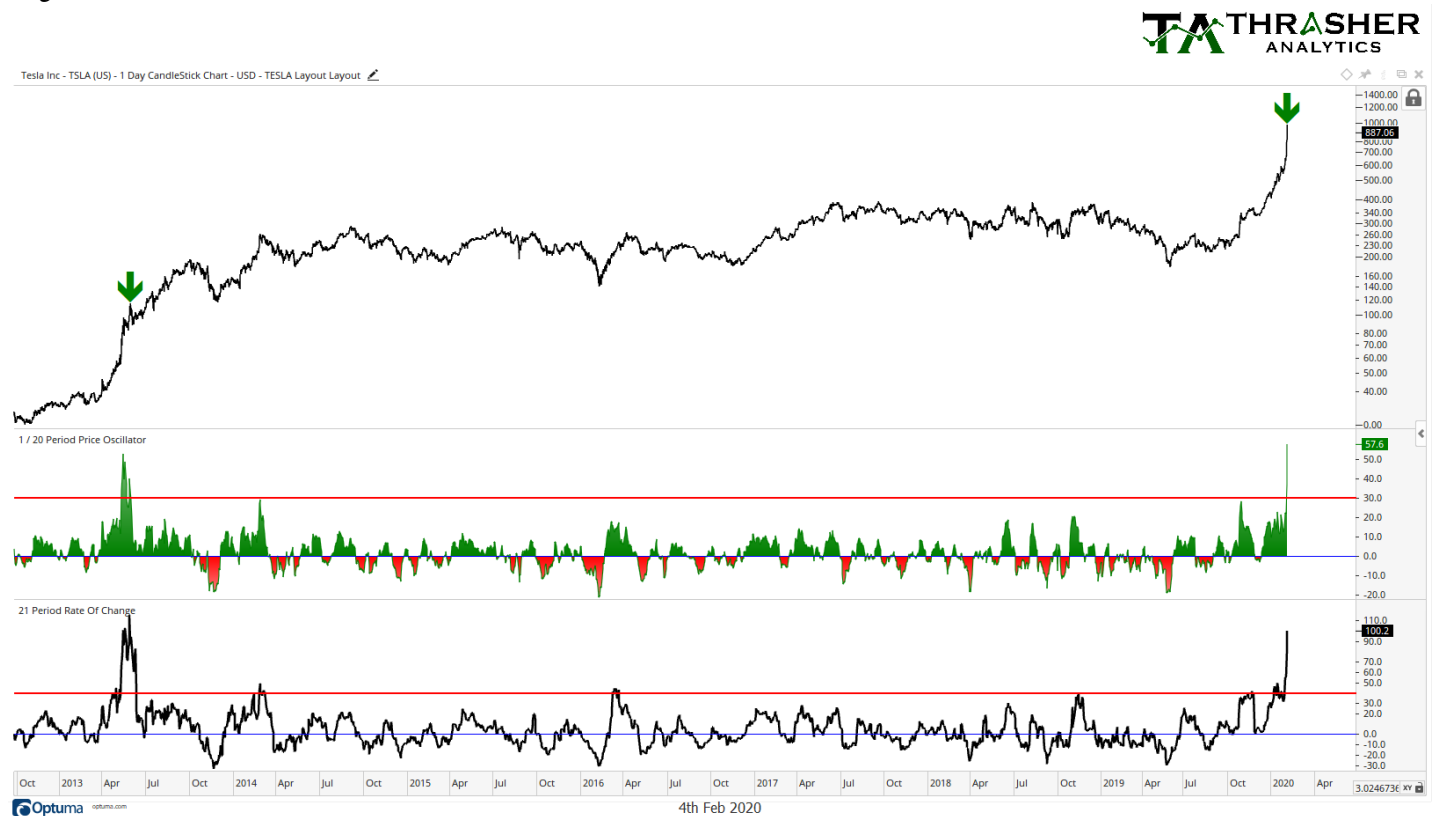
- Trading above \$20 per share*
- Had two back-to-back gaps higher*
- Trading 50+% above its 20-day Moving Average*
- Did not have a recent IPO*

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*Unsurprising, this drew few results (the first three charts below are examples), so I relaxed the study and set the bar at 'just' 30+% above the 20-day MA and 40+% 21-day return. You'll see on the charts below that some were able to keep moving higher a little while longer, some peaked immediately and others went sideways **but what stands out to me is that most were unable to keep the trend and once it broke, sellers jumped all over it.***

Full Disclosure: I purchased put options on Tesla today in my personal account.

*The first chart below is of Tesla, interestingly it's met this criteria before, back in 2013. The two gaps and the fact that it's produced almost exactly 100% gain in one month is what made me run this study and believe the trend was becoming unstable. I hope you enjoy this different form of analysis, I haven't addressed a specific stock like this in past letters but the unique nature of Tesla stands well above most. **This is a chart that will surely go into the history books, but I believe not before it comes back down to earth.***

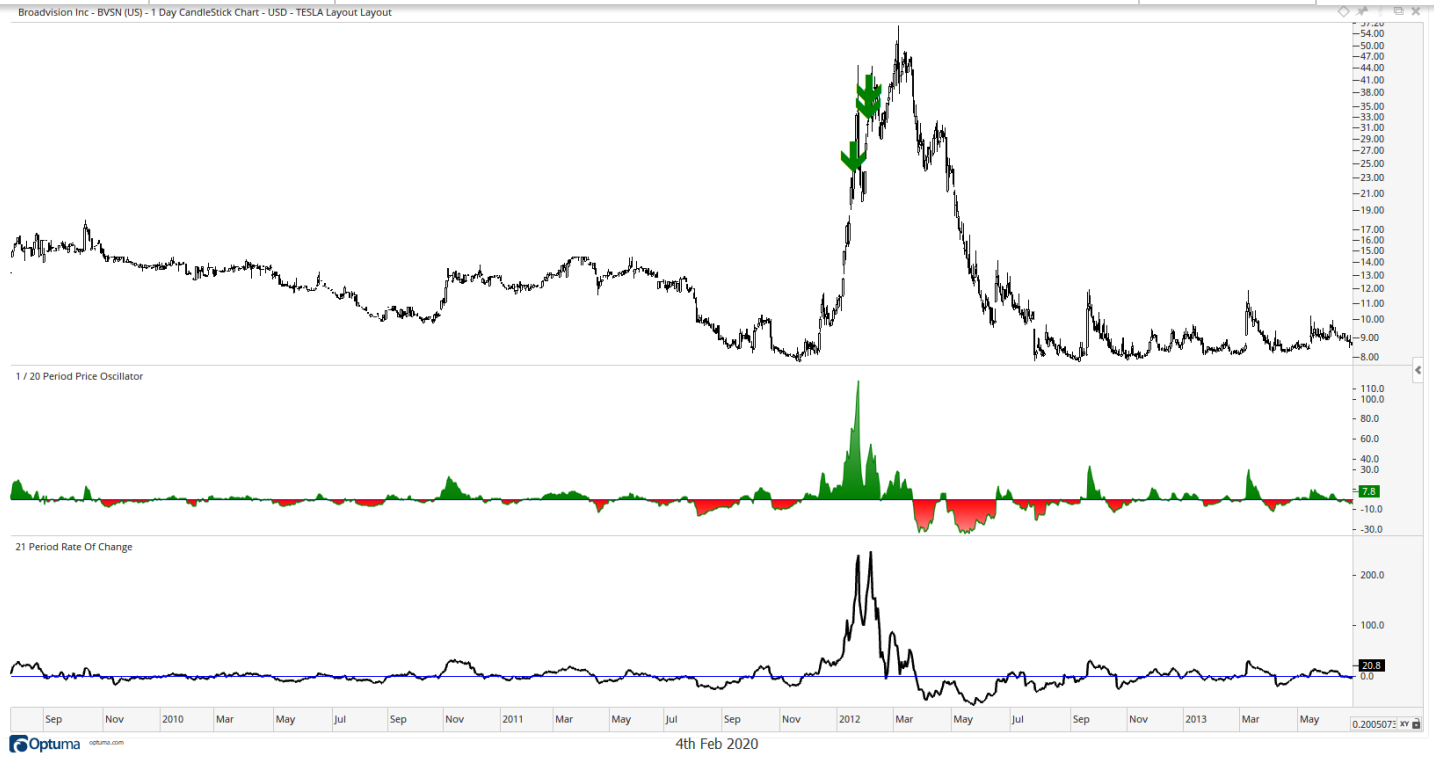


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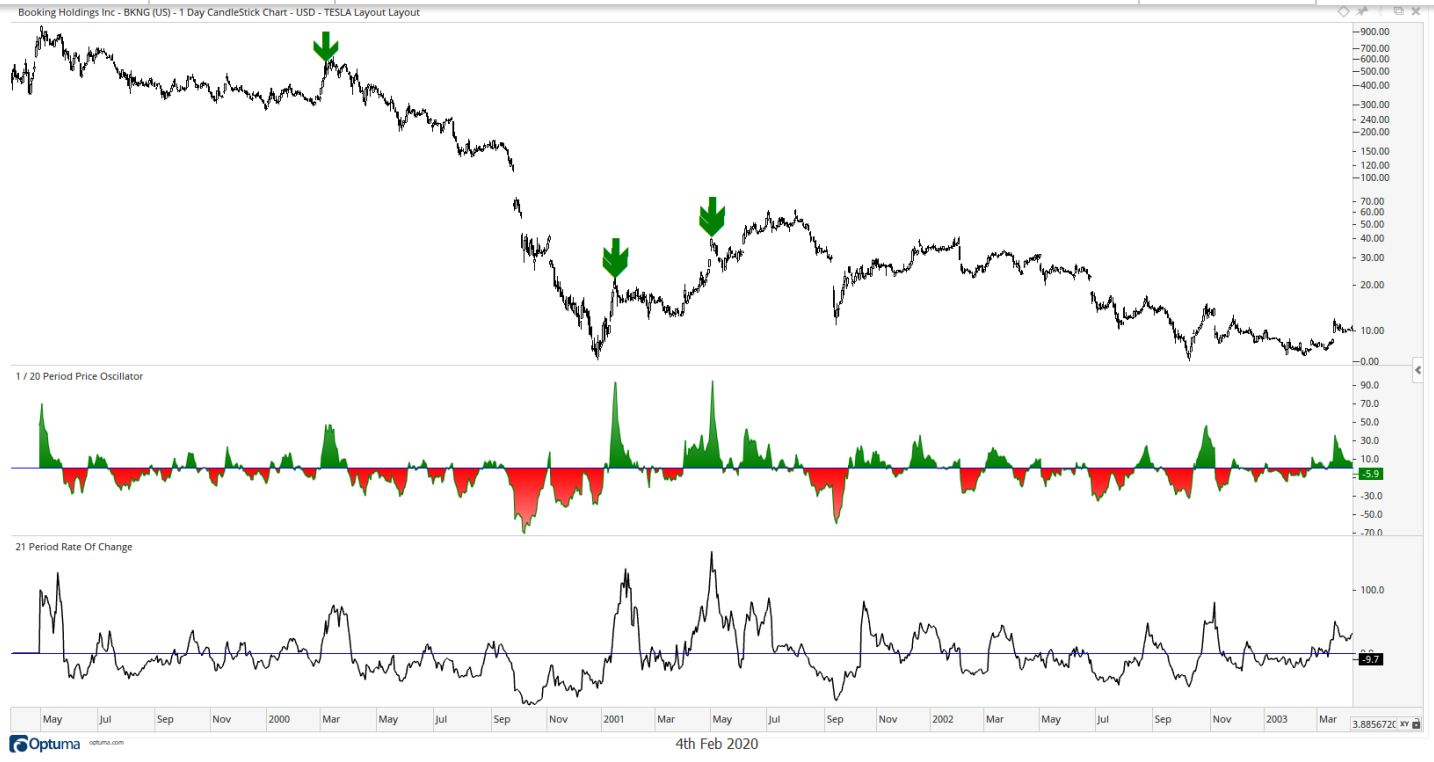


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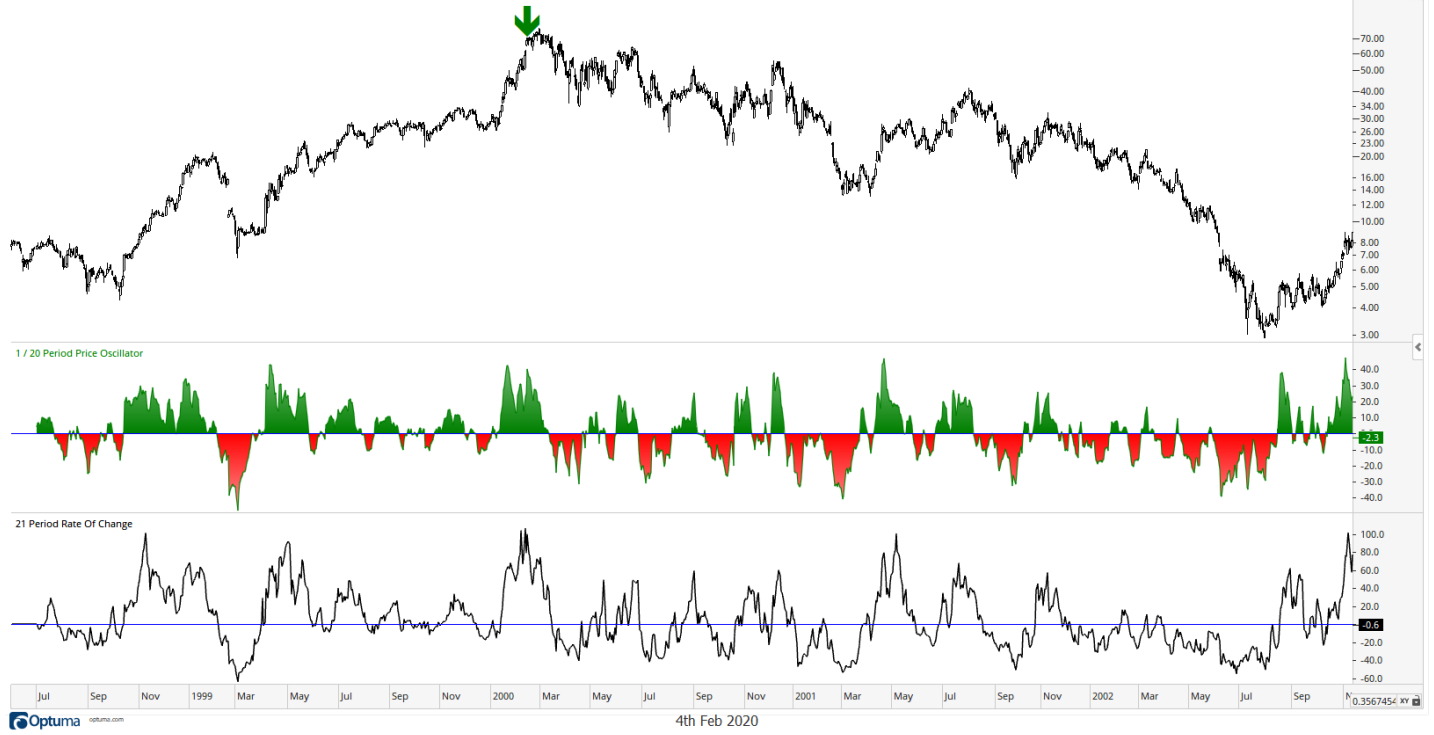
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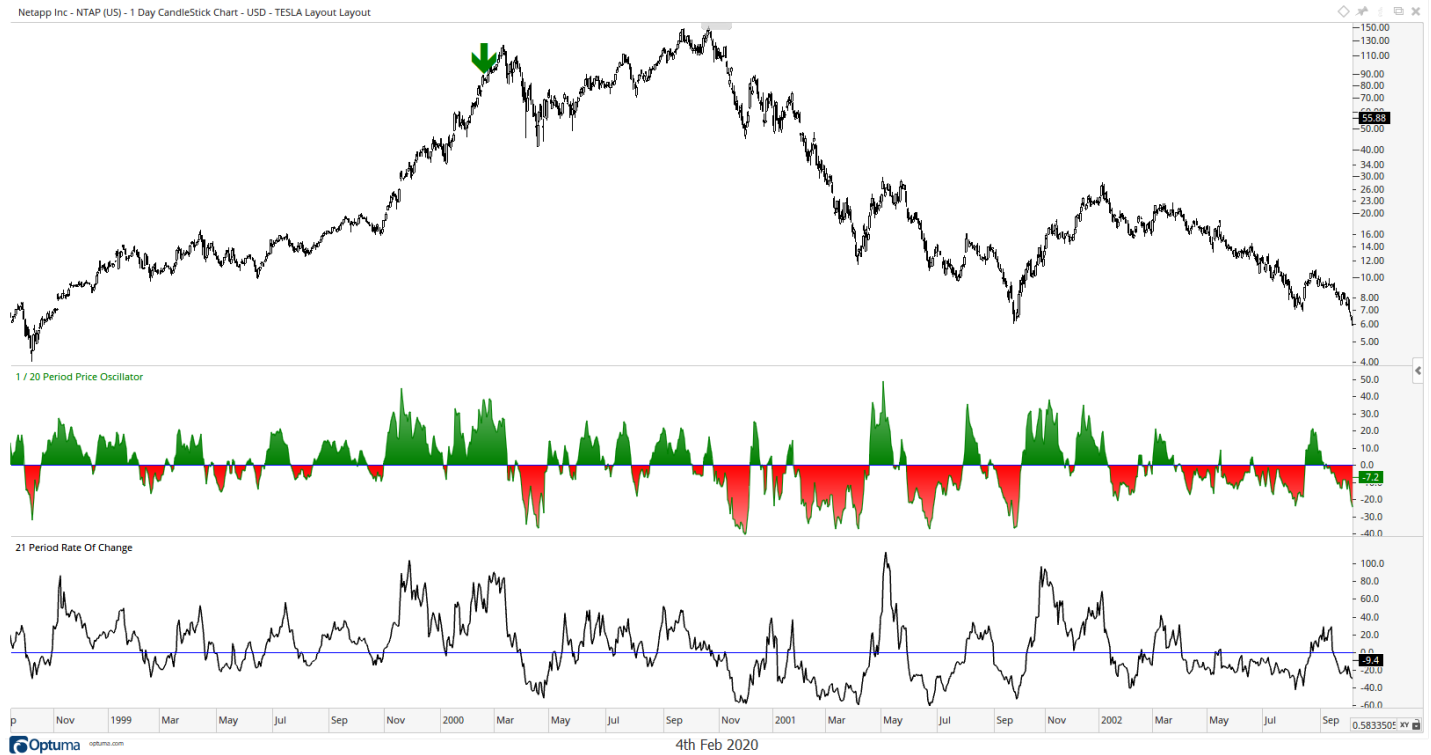
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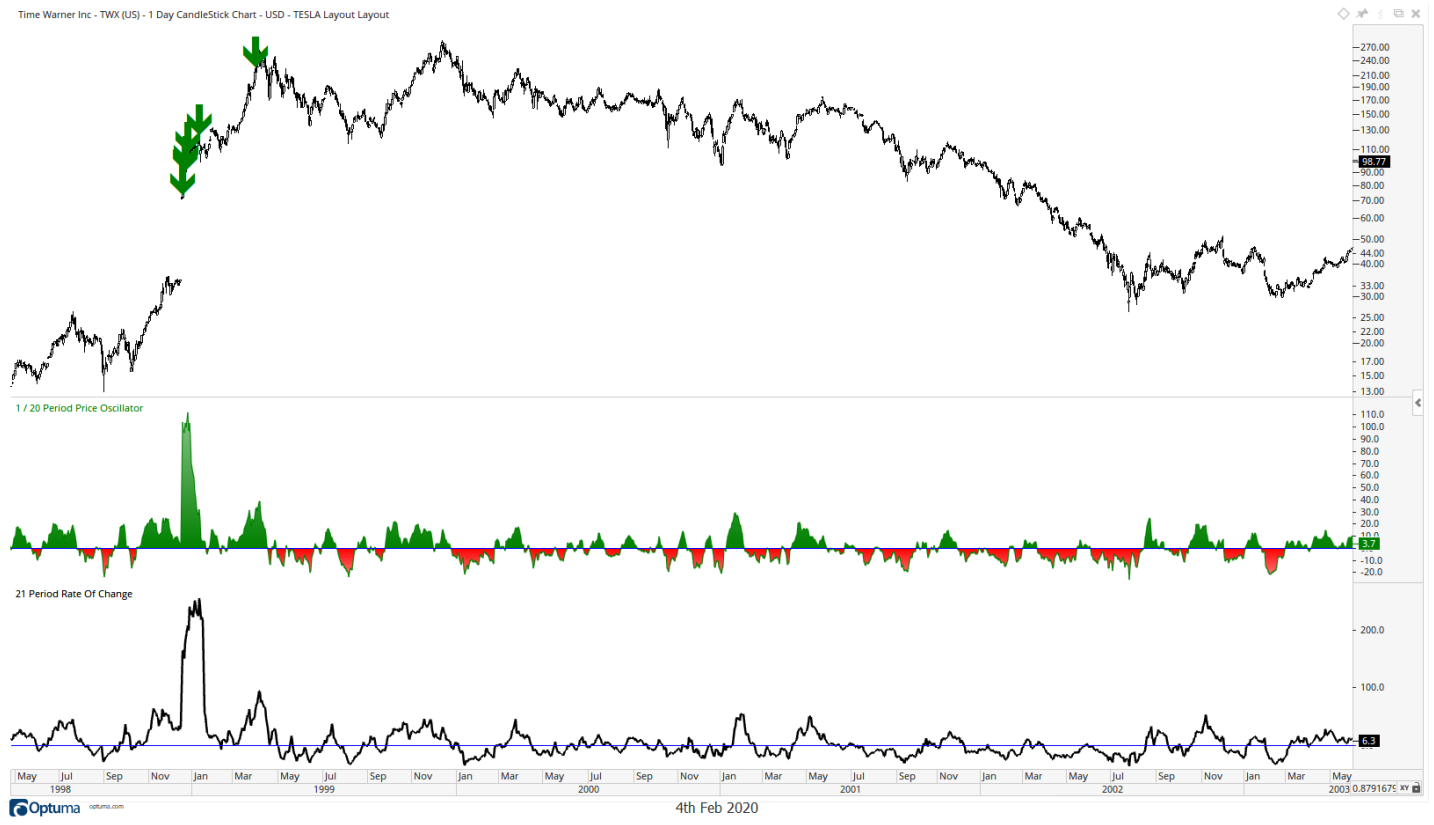


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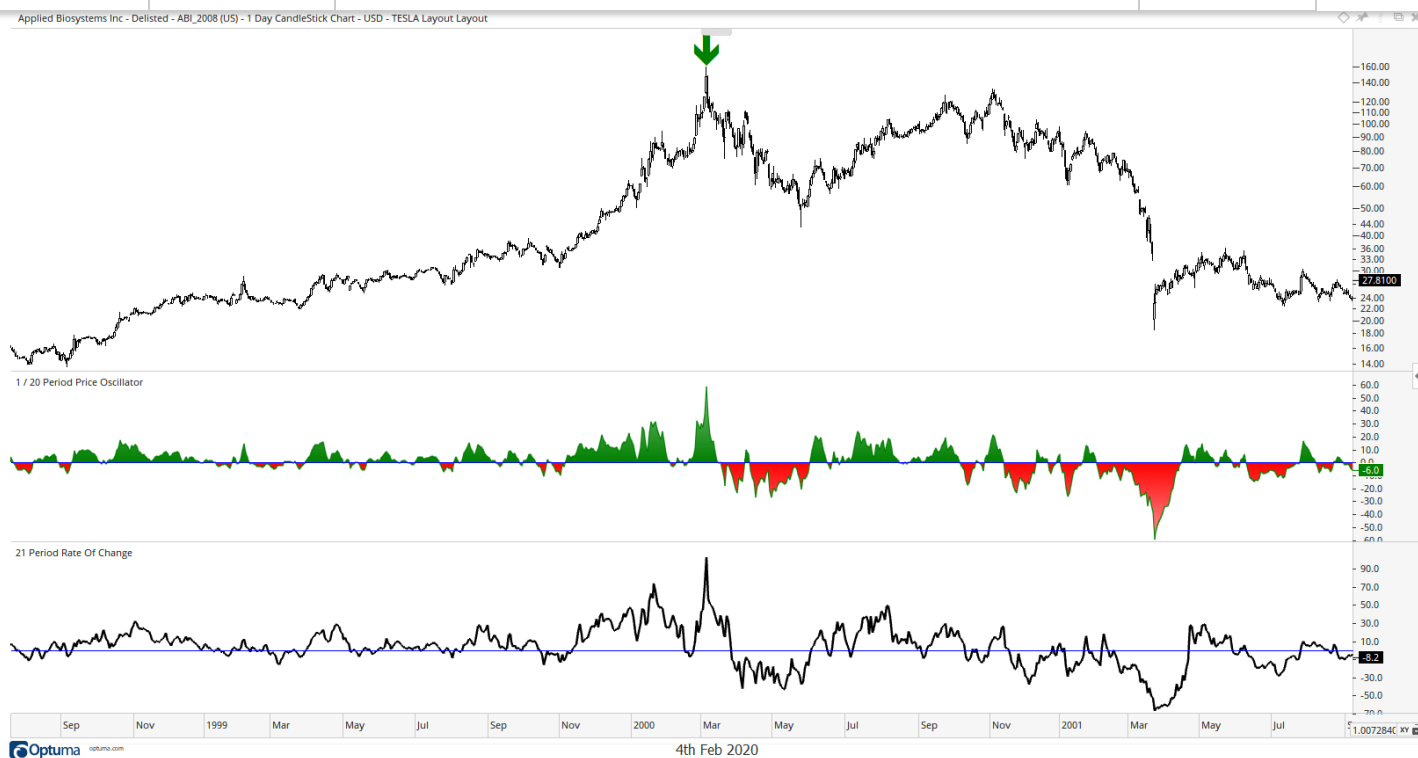


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Best Regards,
Andrew Thrasher, CMT

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