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Tesla's all-nighter to hit production goal fails to convince Wall Street

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(Reuters) - Tesla Inc's [\(TSLA.O\)](#) burning the midnight oil to hit a long-elusive target of making 5,000 Model 3 vehicles per week failed to convince Wall Street that the electric carmaker could sustain that production pace, sending shares down 2.3 percent on Monday.

Tesla met the target by running around the clock and pulling workers from other projects, workers said. The company also took the unprecedented step of setting up a new production line inside a tent on the campus of its Fremont factory, details of which Chief Executive Elon Musk tweeted last month.

Tesla's heavily-shortened shares rose as much as 6.4 percent to \$364.78 in early trading, but sank after several analysts questioned whether Tesla would be able to sustain the Model 3 production momentum, which is crucial for the long-term financial health of the company. ...

... Tesla, which Chief Executive Elon Musk hailed on Sunday as having become a "real car company," said it now expects to boost production to 6,000 Model 3s per week by late August, signaling confidence about resolving technical and assembly issues that have plagued the company for months. ...

... Tesla has been burning through cash to produce the Model 3. Problems with an over-reliance on automation, battery issues and other bottlenecks have potentially compromised Tesla's position in the electric car market as a host of competitors prepare to launch rival vehicles. ...

... Tesla's milestone achievement did not alter a recommendation to short Tesla stock from David Kudla, founder and chief executive of Mainstay Capital Management in Grand Blanc, Michigan. Selling shares short is a bet the price will fall.

"The push to meet these self-imposed targets makes one question what cost was incurred to build these cars and how was quality adversely impacted," said Kudla, who is personally short Tesla stock.

"Whether somebody is short at \$361 or \$300 they're going to be fine."