



THE OVERSOLD LEDGER — SEQUEL TO NOTE NO. 001

Tesla After the Print: What Broke, What the Tape Reads, and What “Oversold” Has Actually Paid

Tesla fell 14.5% on July 23 — its largest one-day drop in over a year — and closed July 24 at \$313.03, down 20% in five sessions and 37% from its high. Every holder is asking the same three questions: is it oversold, does it bounce, and which instrument expresses the answer. None of those are matters of opinion. The first is a definition, the second is a base rate, and the third is a price. This note computes all three from the raw tape — and leaves the decision where it belongs, with the holder.

WHAT BROKE — AND WHAT DIDN'T

The Q2 print was a split verdict. Revenue beat: \$28.2B, up 26% year over year. Deliveries set a record: 480,126 units. What broke was the *cost* of the story: EPS of \$0.33 landed 40% below the \$0.55 consensus, automotive gross margin compressed more than two points to 16.9%, and — for the first time since early 2024 — free cash flow went negative by roughly \$1B as quarterly capex nearly doubled to \$6B. Management confirmed full-year capex above \$25B, roughly triple last year, funding four fronts at once: the robotaxi fleet, Optimus production, an in-house chip fab, and AI infrastructure. The sellers did not re-price the car business. They re-priced what the narrative costs to build.

-\$375B

The market-cap re-mark from July 11 (\$419.77) to July 24 (\$313.03). Note No. 001's arithmetic still holds: priced as a car company, Tesla's auto business supports ~\$83B — which means the entire \$375B that vanished came out of the narrative sleeve, not the cars. At \$313, roughly 92 cents of every Tesla dollar is still story. The premium was re-marked, not erased.

THE TAPE, RECOMPUTED — OUR OWN MATH, NOT A DASHBOARD'S

We pulled Tesla's full daily history and computed the indicators ourselves (Wilder RSI, simple moving averages, 14-day ATR, 20-day bands). As of the July 24 close: price sits 22% below the 50-day average (\$402.56) and 25% below the 200-day (\$414.71); the July 23 drop was a three-ATR day; the close is 2.7 standard deviations below its 20-day mean; and the stock is 37% off its 52-week high of \$498.83, just 5% above the 52-week low of \$297.82. The 14-day RSI reads 28.0 — under the textbook “oversold” line of 30, and lower than all but 2% of trading days since 2013. So: oversold, by definition. The only interesting question is what that condition has historically been worth — which is page 2.



THE ANALOG LEDGER – EVERY CRASH LIKE THIS ONE, AND WHAT CAME NEXT

Since 2013 Tesla has printed 18 one-day drops of 12% or worse (July 23 was the eighteenth). For the 17 with full forward history, here is the distribution of what followed – a base rate, not a forecast:

HORIZON	MEDIAN RETURN	% POSITIVE	THE HONEST READ
5 sessions later	+4.4%	71%	The reflex bounce is real and usually fast – when it comes
1 month later	+0.1%	53%	A coin flip. The bounce often gives itself back while the story resolves
1 quarter later	+23.4%	82%	Strong positive skew – but the range runs -13% to +175%. The deck is friendly; single cards are not

Two analogs worth holding in mind at once: January 2019 (a similar cost-shock print) was still down 13% a quarter later; September 2020's -21% day was up 94% a quarter later. “Oversold” describes where price has been. It schedules nothing.

THE INSTRUMENT LEDGER – FOUR WAYS TO EXPRESS ONE VIEW, AND WHAT EACH PRICES

1. **STOCK** – linear and clockless. Being early costs nothing but drawdown; the 52-week low sits 5% below, and Tesla's last full bear ran far deeper. The question stock answers: *do I want to own this for years, bought 37% off the high?*
2. **LONG CALLS** – adds a clock and pays crash prices for it. Even before the print, 30-day implied volatility ran ~49% (83rd percentile of its own year); front expiries priced $\pm 14\%$ monthly moves. Post-crash, that is richer still: a buyer can be right on direction and still lose to time and a volatility crush once the tape calms.
3. **SHORT PUTS** – the mirror trade: *selling* that same elevated volatility. A cash-secured put collects a large premium for a binding promise to buy at the strike. It is the “paid to name your entry” structure – and its honest ledger: upside is capped at the premium if the bounce runs, and in a 2019-style path the seller ends up owning a falling stock at the strike anyway. It is short volatility plus long equity risk, not free income.
4. **WAIT** – also a position. The one-month coin flip above is the statistical case that patience has historically cost little on average after day five.

Which line is “right” depends on horizon, position size, and whether the holder would genuinely be glad to own the shares at the relevant price – questions no publication can answer for you. We publish the arithmetic. We don't hold your pen.

RSI 28

Fourteen-day Wilder RSI at the July 24 close, computed from raw daily data – below the oversold line and in the bottom 2% of all sessions since 2013. Historically rare, historically bounce-prone at one week, historically unresolved at one month. That triplet – not any single reading – is the finding.

WHAT WE DO NOT KNOW

We do not know whether this print marks the bottom of the re-mark or the middle of it; the capex program that broke the quarter is the same program the narrative sleeve is priced on, and its verdict arrives in quarters, not sessions. We do not know next week's tape. What we offer is the part that is countable: the readings, the base rates, and the structure of each instrument. The old rule holds – *when everyone can see the trade, the trade is already crowded* – and nothing is more visible than a crash. The edge, if any, is in knowing the deck before drawing the card.

Sources & method: Price history – TSLA daily OHLC, 2011 through the July 24, 2026 close, via public market-data feeds; all indicators (Wilder RSI 14, 50/200-day SMAs, ATP 14, 20-day $\pm 2\sigma$ bands) computed by Ananke Alpha from