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Lucid Stock Price Prediction: Why is Lucid Crashing? - Analysis & Prediction



Lucid (NASDAQ: LCID) announced its Q2 results in an earnings call on August 5. The company disclosed a fresh \$1.5 billion cash infusion from the Saudi Public Investment Fund (PIF), a revelation that sent LCID stock soaring. After dipping 3.85% in the latest trading session, closing at \$3, the stock bounced back with a 5.67% gain in pre-market trading, reaching \$3.39.

However, other financial indicators in the report painted a less rosy picture: the adjusted loss per share came in at \$0.29, missing the estimated loss of \$0.27.

Furthermore, the adjusted EBITDA loss widened to \$647.6 million, exceeding expectations of \$560.9 million and marking an 8.8% year-over-year decrease. Despite these mixed signals, LCID stock opened in the green on August 13, up 4% to \$3.02. Nevertheless, the stock has struggled in recent weeks, sliding over 16% in the past month, indicating bearish market sentiments.

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LCID Price Crash: What's Going On?

Indeed, the stock sell-off accelerated on August 5 after Lucid reported its earnings, coinciding with a market-wide sell-off that overshadowed its positive announcements. This unfavorable timing ensured that even updates couldn't significantly boost the equity. Broader economic concerns, including recession fears, escalating inflation, and potential interest rate hikes, are further discouraging consumers from investing in new automobiles, particularly premium electric vehicles like Lucid's. Moreover, despite Saudi Arabia's Public Investment Fund (PIF) committing an additional \$1.5 billion, Lucid's cash reserves remain limited, giving the company a narrow window to meet its objectives before seeking further financing. Lastly, industry-wide challenges and intense competitive pressures have also impacted market sentiment, contributing to LCID's downward spiral.

Lucid experienced a brief surge after its delivery report, but its stock price has been burdened by the EV market's instability and Lucid's profitability challenges. Investors approach stocks like Lucid's with caution, as they are more susceptible to economic downturns. This vulnerability stems from their reliance on consumer spending and shifts in the luxury market. Amidst these uncertainties, Lucid continues to navigate the complexities of the EV landscape, seeking to stabilize its stock performance and achieve long-term profitability in a fluctuating market. Investors are watching closely, weighing the potential risks and rewards of holding onto such stocks in a dynamic and unpredictable economic environment.

Lucid's Profitable Quarter?

Lucid achieved a new milestone by delivering 2,394 vehicles in Q2 2024, marking a 22% increase from the previous quarter. This impressive growth is attributed to the company's strategic efforts to ramp up production and slash prices in order to boost sales. Notably, the starting price of the Lucid Air base model has been reduced from around \$100,000 to \$69,900, making it more accessible to consumers. As a result, Lucid's production for the first half of 2024 reached 3,837 vehicles, indicating a strong momentum towards achieving its annual goal of 9,000 units if this trend continues into the second half of the year.

However, despite these encouraging delivery numbers, Lucid's financial performance paints a different picture. The company reported a net loss of \$0.29 per share for the second quarter, slightly missing analyst expectations of a \$0.27 loss per share. While Lucid's revenue of \$200.58 million exceeded the Predicted \$190.30 million, it was not sufficient to alleviate investor concerns regarding the company's long-term profitability and sustainability. This financial reality serves as a reminder that increasing sales and revenue alone does not guarantee profitability, and Lucid must continue to focus on improving its bottom line to ensure long-term success.

Lucid's second-half performance is pivotal. Meeting production targets and delivering robust financials could be key to restoring investor trust. Amidst this, the company must navigate

challenges to stabilize its stock and assure stakeholders of its long-term sustainability. Success in these areas is crucial for Lucid's future, as it strives to demonstrate its resilience and viability in the competitive electric vehicle market.

LCID Stock: Is Technical Analysis Signaling a Buy?

After a strong surge in July, with LCID stock trading at a peak of \$4.32, comfortably surpassing resistance points at \$3.93 and \$3.40, recent trading sessions have witnessed a pullback to the \$3 mark. Currently, LCID shares fluctuate between the prior resistance of \$3.40 and support at \$2.55; a breakthrough in either direction could hint at a potential trend shift or affirmation. Notably, the descending Relative Strength Index (RSI) underscores the prevailing bearish mood. Interestingly, the RSI hit its maximum on July 16th, aligning with LCID's recent high point. Yet, the RSI has been on a downward trajectory, with its latest reading of 43 possibly indicating an oversold condition for this electric vehicle stock.

LCID Stock Faces Analyst Skepticism: Is a Downturn Looming?

Strictly basing their predictions on the company fundamentals and broader market factors, Wall Street analysts find it hard to get excited about LCID stock, assigning it a "moderate sell" rating after nine examinations. With no "buy" recommendations, six analysts opting for "hold," and three suggesting a "sell," the outlook for Lucid appears cautious. The average price target stands at \$3.01, indicating a mere 0.3% potential upside from the latest closing price. Technical analysis and Wall Street sentiment suggest Lucid still faces challenges, despite cash injections and stronger-than-expected delivery figures.

Investors should note that the content on this site does not constitute investment advice, and investing always carries risks, including the potential loss of capital. Lucid's journey to gaining favorable market sentiment appears to be a long one, emphasizing the need for careful consideration before making investment decisions.