



Elon Musk To Slash Tesla Jobs, Has “Super Bad Feeling” About Economy

Description

USA: Since mid-May, [real-time indicators](#) warned the labor market had hit a brick wall. Piper Sandler predicted last week that up to a [million layoffs](#) or more were ahead as the US economy is on the verge of recession.

The latest sign of an impending job market shock is an email seen by [Reuters](#) from the world’s richest man, Tesla CEO Elon Musk, who told executives the electric carmaker needs to cut staff by 10% because he has a “super bad feeling” about where the economy was headed.

The email, titled “*pause all hiring worldwide*,” was sent to executives on Thursday and is the latest sign of mounting macroeconomic headwinds as lower-than-expected US new car sales in May could be a harbinger of a recession.

In an another email Tuesday, Musk told employees:

“Everyone at Tesla is required to spend a minimum of 40 hours in the office per week ... If you don’t show up, we will assume you have resigned.”

On Wednesday, Musk tweeted: “Recessions serve a vital economic cleansing function.”

Tesla, which has EV factories worldwide, including ones in the US, Berlin, and China, employs about 100k staff, so reducing 10% of jobs could equate to 10k people.

Musk’s stark warning of impending economic doom and the need for job cuts sent Tesla shares down nearly 4% in premarket, dragging down Nasdaq 100 futures about half a percentage point and other electric carmakers.



"I think it's very prudent by Tesla to reduce the staff ... This market is not rewarding high revenue growth at all costs. You're being rewarded from improvement in return on investor capital and free cash flow generation," Peter Garnry, head of the equity strategy at Saxo Bank A/S, told Bloomberg Television.

Garnry is right. Piper Sandler recently compiled a list and showed the recent [company mass layoff announcements](#) are mostly with tech unicorns.

Company Layoff Announcements				
	Announcement Date	Company	Sector	Estimated Number
1	2/8/2022	Peloton	Tech	2,800
2	4/19/2022	Better	Real Estate	3,000
3	4/19/2022	Blend	Real Estate	200
4	4/19/2022	Wells Fargo	Financial	N/A
5	4/26/2022	Robinhood	Tech	380
6	4/28/2022	Netflix/Tudum	Streaming	25
7	4/29/2022	GoPuff	Grocery	400
8	4/29/2022	Noom	Tech	495
9	5/3/2022	BizPay	Fintech	30% Staff
10	5/4/2022	Cameo	Tech	87
11	5/5/2022	Mainstreet	Fintech	50
12	5/5/2022	Meta	Tech	Hiring Freeze
13	5/5/2022	On Deck	Tech	72
14	5/10/2022	Thrasio	E-commerce	N/A
15	5/10/2022	Reef Technology	Tech/Grocery	750
16	5/10/2022	Sezzle	Fintech	20% of N. American Staff
17	5/11/2022	DataRobot	AI	70
18	5/12/2022	Carvana	Auto	2,500
19	5/12/2022	Twitter	Tech	Hiring Freeze
20	5/13/2022	Latch	Tech - SaaS	30
21	5/13/2022	Section4	Tech - Education	32
22	5/17/2022	Wayfair	E-commerce	Hiring Freeze (90 days)
23	5/17/2022	Scholar Rock	Biotech	25% of workforce
24	5/17/2022	Netflix	Tech - Streaming	150
25	5/20/2022	Exact Sciences	Biotech	3% Global Workforce
26	5/20/2022	Zulily	E-commerce	99 (10%)
27	5/20/2022	Vroom	Auto, E-commerce	270
28	5/20/2022	Outside Inc.	Media	15% of Workforce
29	5/20/2022	Skillz	Tech - Gaming	70
30	5/23/2022	PayPay	FinTech	83
31	5/23/2022	Klarna	FinTech	650 (10%)
32	5/23/2022	Pennymac	Financial - Mtg	207
33	5/24/2022	Gorillas	Tech - Grocery	300

Meanwhile, the Federal Reserve shows no signs of letting up on its most aggressive monetary tightening program in decades with nearly three 50bps hikes through the summer, an attempt to tame inflation at 40-year highs. Besides rate hikes, the Fed has begun to unwind its monstrous balance, adding to even more liquidity draining from markets. And this is all happening as the Citi US Eco surprise index is already crashing ...



Days ago, JPMorgan Chase CEO Jamie Dimon warned: A “[hurricane](#) is right out there down the road coming our way.”

Biden about to find out what polls worse: recession and bear market or runaway inflation.

— zerohedge (@zerohedge) [May 20, 2022](#)

Musk’s warning of Tesla job cuts is a sign of the coming mass layoff tsunami and economic downturn.

by Tyler Durden

Category

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