

Listing of Volvo Cars puts focus on significant value gaps

The listing of Volvo Cars became a success after initial uncertainties about Chinese majority rule. Looking at the sector's valuation, Tesla alone accounts for about 60 percent of the combined market capitalization of nine car companies, including Toyota and Volkswagen.

While the P/E-ratio for the nine car-producing companies only stand at 8x, Tesla shares trade at a P/E-ratio of 146x (!). Another way of illustrating the valuation difference is when dividing the market capitalization for each of the nine companies with the number of cars sold in 2020; each "Tesla car" is priced at USD 2.2 million (!) Meanwhile, the median "price" for all nine auto-making companies is only USD 21,500. Volvo Cars hold 50 percent in Polestar, which bears some similarities with Tesla, although Polestar is earlier in its development.

We also look at the S&P500 Q3 reporting season, where 82% of 280 reported so far has delivered earnings better than anticipated. Three out of six large tech stocks (out of which five in the FANG group) have reported since 19 October, where there was a significant positive reaction in three of them (Netflix, Alphabet-Google, and Microsoft).

Please find out more in our weekly letter on certificates Vontobel.com: [Read the weekly newsletter here.](#)

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