Tesla's lower-priced Model 3 to start production Friday

NEW YORK, US: Tesla's first lower-priced Model 3 will come off the assembly line Friday, two weeks early, CEO Elon Musk announced Monday.

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"Model 3 passed all regulatory requirements for production two weeks ahead of schedule. Expecting to complete SN1 on Friday," Musk wrote on Twitter, referring to the first car as "serial number 1."

> *Model 3 passed all regulatory requirements for production two weeks ahead of schedule. Expecting to complete SN1 on Friday— Elon Musk (@elonmusk) July 3, 2017*

The production of the electric car aimed at the broader market -- with a price of $35,000 -- is expected to ramp up quickly, Musk said, with 100 in August and 1,500 or more in September.

"Handover party for first 30 customer Model 3's on the 28th! Production grows exponentially," Musk tweeted.

"Looks like we can reach 20,000 Model 3 cars per month in Dec."

Aiming to produce 5,000 units a week

Tesla aims to produce 5,000 units of the Model 3 a week this year, and 10,000 units a week in 2018.

The mid-range model, unveiled in March 2016, is a crucial piece of Musk's ambitions to transform Tesla into a large-scale vehicle manufacturer. It will allow the firm, started in 2003, to produce about 500,000 vehicles in 2018 and a million by 2020.

California-based Tesla currently sells only two luxury models of its electric vehicles: the "Model S" sedan and the "Model X" SUV whose base price starts at around $80,000. It produced only 84,000 cars in 2016.

The Model 3 has sparked strong demand and customers placing orders now are told they can expect delivery sometime in mid-2018.

The rush of pre-orders allowed Tesla to recently become the biggest US car company in terms of market capitalisation, despite the fact that General Motors (GM) and Ford produce millions of cars per year and Tesla has yet to make a profit.

Valued at $60bn

Tesla was valued at nearly $60bn on Monday on Wall Street, compared to $53bn for GM and $45bn for Ford.

But any delay in the Model 3 production schedule could quickly change the attitude of financial markets.

Deliveries jump in Q2

Tesla also announced on Monday that it delivered just over 22,000 vehicles in the second quarter - over 12,000 Model S and 10,000 Model X - a 53% surge over the April-June period of 2016. The company delivered approximately 47,100 vehicles in the first half of the year.

The company said deliveries of the two models are expected to ramp up, saying that a "severe production shortfall" of battery packs was the "major factor" affecting deliveries in the quarter, with production 40% below demand until early June.

"Once this was resolved, June orders and deliveries were strong, ranking as one of the best in Tesla history," the company said in a statement.

In order to avoid backlogs in its production, Tesla is in the process of completing the construction of a huge battery factory in Nevada.

Source: AFP