ELON MUSK SCAMMED-UP SPACEX STOCK

Pras Subramanian · Senior Reporter

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SpaceX (SPCX) is poised to sink further after the stock hit a new all-time low Monday, days after a successful test of its Starship rocket. The surprising drop indicates that investor caution toward the newly public company persists, despite hitting an important launch milestone.

SpaceX shares are down 4% in early trade, this after dropping to $109.53 on Monday, before closing down 1.4% at $113.50. Shares have shed nearly 30% from the stock's $150 market debut last month, and are down an astounding 50% from its all-time high of $225.64.

Concern seems to be growing ahead of SpaceX's big second quarter earnings report set for August 4th, with a big share unlock happening on August 6th. Per SpaceX's lock-up period plan, as many as 20% of shares are eligible to be sold.

Read more: SpaceX stock is falling. What investors should do next.

Space Exploration Technologies Corp. (SPCX)

The rising angst among SpaceX investors comes after Starship launched Friday evening from Starbase, Texas, on its 13th test flight, the first since SpaceX's June IPO. Starship deployed all 20 of its next-generation Starlink V3 satellites, relit an engine in space, and made what SpaceX called its softest ocean splashdown yet.

Ask Yahoo Scout

Why is SpaceX stock declining despite Starship success?

How is SpaceX transitioning from Falcon 9 operations?

What are the key risks in SpaceX's strategy?

What concerns surround SpaceX's upcoming earnings and lockup?

"I'm a little over the moon right now," SpaceX spokesperson Dan Huot said on the company's livestream. "Lucky number 13."

Not everything worked. The Super Heavy booster (aka lower stage) performed its "hot-staging separation" and flip that the past launch botched, but it failed to light all 13 engines for its landing burn and hit the Gulf of Mexico harder than planned. Neither the Starship nor Super Heavy were meant to be recovered, however.

Friday's flight followed a July 16 engine-ignition abort and a July 23 weather scrub.

SpaceX is already eyeing a bigger prize: the first-ever tower catch of a Starship upper stage, using the "Mechazilla" arms at Starbase that have already caught the larger Super Heavy booster. "Unless we discover problems after mission data review, SpaceX will attempt to catch the ship with the tower on next flight," CEO Elon Musk wrote, replying to a question on an upcoming Flight 14.

"I think you're going to see double digits in stock price, and that's probably not a terrible thing," Alex Morris, CEO of F/m Investments, told Yahoo Finance. "But long term, SpaceX doesn't really have a natural competitor base. They have a good product with an intergalactic-sized moat, and more customers every day. That said, there's a lot of AI hooks shoved into that same package, and that's where we're seeing the volatility."

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SpaceX stock keeps sliding. What to do if you own shares.

· Yahoo Personal Finance · Reuters / REUTERS

Hal Bundrick, CFP® · Senior Writer

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For SpaceX IPO investors, the thrill ride has been IMAX-worthy.

On IPO day, SpaceX stock (SPCX) opened at $150 and climbed past $160. Another near-20% gain the following Monday saw Elon Musk's spaceflight, satellite communications, and AI company achieve a high orbit of $192.50. By its third trading day, SpaceX surpassed Amazon to become the fifth-largest publicly traded company by market value.

To the moon, right?

Yet, as any savvy investor knows, things can get ugly fast: The stock quickly returned to Earth and has bounced below its market debut price more than once.

SpaceX stock is now down roughly 30% from its market debut in June and down over 50% from its all-time high of $225.64.

Read more: Create a stock investing strategy in 3 steps

This is what IPOs do

Wealth advisory Alliance Bernstein has tracked the performance of IPOs that raised $50 million or more over the past 10 years. Six months following the lockup, the median return was a 10% decline.

"While most stocks began to recover, they typically failed to revisit their initial IPO heights," the Bernstein analysis reported. While investors are often urged to remain calm and hang on, "in the six months following traditional lock-up expirations, one in 10 IPO stocks dropped by at least 62%."

That's where having a plan comes in.

Plan for three possible stock scenarios

Whether SpaceX's trajectory is high, low, or just bouncing on and off the atmosphere, investors will want a strategy in place.

If SpaceX stock soars

Every investor's dream: The stock soars while they're along for the ride. Still, there are strategies to consider:

- Have a plan to **take some profits** along the way in a tax-efficient manner.
- Ensure your **SPCX doesn't overwhelm your overall investment portfolio**. Consider rebalancing holdings regularly to maintain a comfortable SpaceX exposure.

If SpaceX stock stalls

If SpaceX stock hits a price ceiling and stays there, what should the reaction be? Ask investors who bought Tesla after its run-up to a trillion-dollar market valuation in 2021, following a massive order of Model 3 sedans from Hertz. The stock topped $407 a share. Now, four-and-a-half years later — after a lot of chart action along the way — it's still there.

If you believe in space as the "final frontier," stick with it.

If SpaceX stock crashes

This is the real test. If SPCX takes a dive, how does one prepare? The key is to avoid panic selling and have a strategy in place. The choices include:

- **Use stop-loss or trailing stop orders to maintain a profit.** Most investors can't monitor the market constantly, so having a stop-loss or trailing stop order at a predetermined target price will help protect the profits of at least a portion of the SpaceX holdings.
- **Buy the dip**. It takes some courage to buy more shares when a stock is in free fall, but it's one choice to consider.
- **Make sure the rest of a portfolio is well-positioned** so that a SpaceX setback won't affect an overall wealth-building plan.
- **Consider selling a portion** of SPCX holdings to offset taxable gains elsewhere in a portfolio.
- **Prepare for volatility**: Using options can provide a profit cushion during SpaceX price swings. There are several option strategies to employ to provide some measure of downside protection, including an option collar, protective puts, and spreads. Learn more with this Yahoo Finance video on options trading.

Other considerations about selling your SpaceX stock

Many insiders who hold pre-IPO SpaceX shares are subject to a lockup that prohibits them from selling their stock until after the company's first quarterly earnings report. There are other tranches with different lockup expirations. As those deadlines roll off, the stock may see some volatility.

The SpaceX S-1 amendment includes a notice that it "may issue additional shares for a variety of corporate purposes." Some observers are taking that as a hint of a possible merger with Tesla and other opportunities that may dilute shares. That could cause the stock price to slump, at least temporarily.

And there is one major factor to consider when thinking about selling: taxes. Will selling trigger a long- or short-term capital gain or loss?

This is the most important thing to know

Investing is difficult enough without considering the mental toll of sudden, frequent stock gyrations. Investors should know their investment risk tolerance to achieve their long-term financial goals — and perhaps reduce some of the stress.