How to Buy Tesla Stock in Canada

Description

Founded in 2003 by Elon Musk, Tesla is an electric carmaker and the largest automobile manufacturer in the world by market capitalization.

After only seven years of production, Tesla went public in 2010 with an initial price of US$17 a pop.[1] Before its 5-for-1 stock split in 2020, the price for one share had risen to $2,230 – an *explosive* appreciation in a short amount of time.[2]

Even after experiencing a rocky 2022, Tesla is in a good place for future growth. Naturally, Canadians may wonder if they can buy Tesla stock, and, if so, how. Below, we'll break down how you can buy Tesla stock in Canada and help you decide if this company is worth your investment.

Can you buy Tesla stock in Canada?

Yes, you can buy Tesla stock in Canada. Although you can't buy stock through Tesla itself, you can purchase shares through an online brokerage account.

The only difference between buying shares in Canada versus buying them in the U.S. is that you'll likely pay a currency conversion fee (around 1.5%) to exchange your CAD to USD.

How to buy Tesla stock in Canada

There are four steps to buying Tesla stocks:

1. Open a brokerage account

Opening a brokerage account will be your first step in buying Tesla stock (if you already have an account, you can skip to Step 2).

A broker is basically the middleperson between you and Tesla. You'll place an order for Tesla stock and your broker will go out and find the exact number of shares you want to buy.

Not all brokerages will serve your needs equally. Some will charge lower trading commissions, while others will offer more advanced research and analytical tools.

You should also pay close attention to currency conversion fees. This is a fee your brokerage will charge to convert CAD to USD – the currency you need to buy U.S. stocks from Canada. Many brokerages will charge 1.5% of your purchase amount to exchange currencies, but it's not rare for a brokerage to charge more (or less!) than that.

For more help choosing the right brokerage, you can browse our top brokerage picks and see which one might be best for you.

2. Research Tesla stock

Tesla might just be one of the most successful automobile manufacturers in the history of the car industry. But don't let its success force your guard down. You should always research a company before buying its stock, no matter how big or prestigious it seems.

One common way to evaluate Tesla stock is to use fundamental analysis. This approach assumes that Tesla's stock price doesn't necessarily reflect the company's intrinsic value. To get at its real value, fundamental analysts use evaluation metrics, such as:

- **Earnings per share (EPS):** This helps you analyze a company's profitability by comparing net income with outstanding shares. For example, if Tesla is worth $11 billion and has 3 billion outstanding shares, then its EPS would be $3.60.
- **Price-to-earnings (P/E) ratio:** With a P/E ratio, you compare a company's share price with its earnings per share (EPS). A low P/E might tell you a stock is undervalued, whereas a higher P/E would mean the opposite. For example, if Tesla's stocks trades for $180 (and it's EPS is $3.60), it's P/E would be 50. That's high and might signal the stock is overvalued.
- **Price-to-earnings-growth (PEG) ratio:** This ratio compares a company's P/E ratio with its expected annualized earnings growth. For example, with a P/E ratio of 50 and an expected earnings growth of 33%, Tesla would have a PEG of 1.5. A lower PEG means a stock is cheaper relative to its growth rate.

To get the most out of these metrics, you'll want to compare Tesla's ratios with similar companies, such as Ford, Honda, or even Canada's own EV stock, GreenPower Motors. This can help you gauge whether the stock is over or undervalued, as well as see if you can get more value for the same price from another company.

For a quick look at Tesla's historical performance, here's how the stock has moved over the last year (you can adjust this to different time periods):

3. Decide how much to invest

The amount you invest in Tesla will depend on your budget, savings, and current portfolio of stocks. As far as *how* you invest that money, you can approach buying stock in a few ways:

- **Buy a large amount of Tesla stock all at once.** This is the “lump sum” approach. You have a specific amount to invest with—say $1,000—and you choose to buy as much Tesla as that amount allows.
- **Buy a small amount you can afford to lose.** If you only have $1,000 in savings, it might not be wise to dump it all in Tesla. Buying one share (or a fraction of one) might be more advisable.
- **Dollar-cost average over a long period.** This approach involves investing a consistent amount periodically. For example, investing $100 every 2 weeks. In this way, you can buy Tesla stock at different share prices, which, when averaged together, might be cheaper than buying shares at once.

When you place your order, you broker will ask you to select an order type: market or limit.

A market order means your broker will fill your order at the current market price.

With a limit order, you tell your broker the price *you* want to pay, and your broker will fulfill it if the share price reaches that number. For instance, if Tesla is trading for $180, and you want to buy it at $175 per share, your broker will only execute the trade if Tesla drops to that price.

4. Monitor your investment, but don’t obsess

It’s a good idea to review your stocks every now and then, Tesla or not. Pay attention to its performance – especially compared with other stocks over the same period – and read through financial statements when they’re published.

If you’re dollar cost averaging, you might want to ask yourself if you should continue buying Tesla stock, or if there’s another stock that might be worth your investment.

That said, you don’t want to obsess over your Tesla stock, nor do you want to engage in day trading. At The Motley Fool, we recommend buying stocks you know you’ll stay invested in for at least 5 years. If you think Tesla is the right investment for you, it’s wise to stay invested rather than sell frequently during price swings and volatile times.

Should Canadian investors buy stock in Tesla?

Tesla has rewarded its investors handsomely since its IPO in 2010. But whether it’s a good stock for you will depend on your investment goals, risk tolerance, and how long you plan to stay invested in Tesla.

If you don’t have much to invest with, or you’re hesitant to buy individual stocks, you could also buy shares in an ETF or index fund that contains Tesla. These funds are passively managed, have lower fees than mutual funds, and may help you diversify your investment. For instance, the iShares NASDAQ 100 Index ETF (TSX:XQQ) includes Tesla, Paypal, Apple, Amazon, Alphabet, and other tech giants.

TICKERS GLOBAL

1. TSX:XQQ (iShares NASDAQ 100 Index ETF (CAD-Hedged))

PP NOTIFY USER

1. cleona
2. metienne

Date
2025/07/21
Date Created
2023/01/29
Author
sporrello