Tesla (NASDAQ: TSLA) is recalling over 1.68 million electric vehicles (EVs) in China due to a software issue that could increase the risk of collisions. The recall, which started on August 6, affects various models, including the imported Model S and Model X and the domestically produced Model 3 and Model Y.

The problem stems from a potential software failure that fails to detect when the vehicle's bonnet is unlocked. In extreme cases, this could cause the front trunk cover to open unexpectedly, obstructing the driver's view and potentially leading to a collision, according to a statement published by the State Administration for Market Regulation on August 6.

Fortunately, the issue can be addressed via an over-the-air software update, the same solution Tesla implemented with its recall in the U.S. when 1.85 million cars were affected by a similar issue back in July.

TSLA stock price chart

As of the latest close on August 6, TSLA stock was trading at $200.64 per share, following a gain of 0.88% in the latest session; this minor gain counters the losses of 12% in the past five trading days but kept TSLA shares above the $200 psychological level.

However, the latest pre-market data shows losses of 2.77%, which lowered the price of TSLA shares to $195.08 at the time of writing.

TSLA stock 24-hour price chart. Source: Google Finance

Technical analysis of TSLA stock

Technical analysis reveals that Tesla's stock is showing signs of weakness. After breaking out of an inverse head-and-shoulders formation, it continued to decline within a downward trend channel over the medium to long term; the stock reached its target of $258 but has since pulled back.

While this formation typically signals further gains, the recent drop has brought the stock down to a critical support level at $200, with a resistance level at $205.

A bounce from this level could trigger a positive reaction, but a break below $200 would be a bearish signal.

The falling Relative Strength Index (RSI) indicator, which recorded a reading of 40 at the latest close, suggests a slight downtrend.

Technical analysis of TSLA stock. Source: Trading View

Wall Street is divided on TSLA stock

Texas EV maker is one of the rare large-cap stocks with experts from large Wall Street institutions divided on its prospects; this is reflected in an overall "hold" rating based on 30 opinions. Of these, 11 advise a "buy," 12 to "hold," and 7 recommend a "sell."

The average price target for TSLA also shows little room for growth, as it is set at $213.92, just 6.62% higher than the latest closing price.

Wall Street analysts' average price target for TSLA stock. Source: TipRanks

A series of recalls in recent months are bound to hurt TSLA stock and further divide opinions on Wall Street, which prevent a clear bearish or bullish sentiment on stock from taking over

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