



Last Call for Lithium? Metal Mining Stocks Could Get a Reshuffle

Description

Lithium has a worrying outlook at the moment. On one hand, miners are getting geared up to flood the market with a metal deposit that, let's face it, isn't actually all that rare in the Earth's crust, threatening to drop its price by no small margin. And on the other, you have a huge industry that has been driving lithium prices sky high actively seeking an alternative to the silvery alkali metal. In short, the [window for upside is closing](#).

So should Canadians stay invested in the grey stuff? And if you're not already in, is there an argument for getting in quick and getting out before lithium prices fall hard for what might be the last time? Let's take a look at the options, lithium's outlook, and one of the stocks involved in the shifting commodities landscape.

Lithium Americas ([TSX:LAC](#))([NYSE:LAC](#))

If you like lithium, this is one of the best stocks for you. While it's a little hard to ascertain Lithium America's exact valuation at the moment compared to its future cash flow value, it has a very low level of debt at just 0.9% compared to net worth, so if you are holding this stock, it should remain fairly stable for some time.

Likewise, its P/E and PEG ratios are illegible, though a P/B of 4.2 times book means that your \$6.21 a pop (yes, it's cheap, but is it good value?) is four times what it should be in terms of assets. A 28.4% expected annual growth in earnings shows that this is a stock that will do well for some time yet on the back of the E.V. (electric vehicles) boom. In terms of momentum, it's been mostly downhill all year for Lithium Americas' share price, though breakthroughs in the E.V. market have come among a recent uptick. Momentum investors may want to take note if this trend continues.

Is there a better E.V. play than lithium?

You might want to think about copper stocks if lithium isn't flicking your switch. As lithium and cobalt face the chop from the E.V. market, copper is still in manufacturers' long-term plans and looks unassailable as a mining commodity. Indeed, copper could become the next cobalt, but with way more leg room and a broader and more stable choice of stocks to choose from.

Unlike lithium, which is as unstable and volatile as its stocks tend to be, copper is inert and ubiquitous as a metal and as an investment choice. The orange metal is used heavily in the tech industry, and demand from the potentially massive worldwide E.V. market won't be any different. So if you're eyeing the E.V. market, but want something that's a pure play while also giving low exposure to an as-yet growing sector, copper stocks may be the way to go.

The bottom line

As Obi-Wan Kenobi says in *Star Wars*, "You can't win, but there are alternatives to fighting." While lithium still has some potential for upside, its days as the go-to battery metal might be numbered. If you want to enjoy the latest upward rush that has been lifting lithium and cobalt, though, why not go to the source instead and get in on the [electric vehicle rush](#)? There are a number of ways to play E.V.s, from direct to low-exposure, and there's still potential to get in at the ground floor.

CATEGORY

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:LAC (Lithium Americas Corp.)
2. TSX:LAC (Lithium Americas Corp.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks
3. Tech Stocks

Date

2025/08/14

Date Created

2018/09/02

Author

vhetherington

default watermark

default watermark