



The Electric Vehicle Boom Boasts a Wealth of Growth Stocks

Description

Auto stocks are looking tasty for 2020, with major names seeing positive sales figures heading into the New Year. **Toyota**, **Honda**, **Hyundai**, and **Kia** all saw stronger U.S. sales last month, as did big names such as **Subaru**, **Mitsubishi**, **Mazda**, and **Volkswagen**.

GM is also looking positive in the auto space. A joint venture with **LG Chem** was welcomed this week by GM's CEO Mary Barra: "Combining our manufacturing expertise with LG Chem's leading battery-cell technology will help accelerate our pursuit of an all-electric future."

The two companies will crank out batteries at a new facility with a competitive annual capacity of 30 Gwh, and should be complete by 2023.

From GM's Bolt to the I-Pace from Jaguar, from **Audi** and its e-tron to the Niro from Kia, auto investors who want to take a wild ride with direct EV exposure have an increasing panoply of businesses to back.

Although **Tesla** may be the most famous, it's certainly not the only player in town. Canadians [bullish on ties with China](#) can also consider the leading auto parts maker **Magna International**.

The road to zero-emissions is far from a smooth one, though, and investing directly in an individual auto maker could a riskier play than gaining exposure to the materials used in electric vehicle batteries themselves.

Mining stocks could be a stronger investment than autos

A better play for EVs might indeed be battery metals: There's steeper upside potential and arguably less risk – aside from the risk posed by the invention of a new type of battery, that is.

Tesla said this week that an intensifying of efforts to mine key metals used in batteries will be needed to avoid bottlenecking. The main metals investors should be eyeing right now are lithium and copper.

The red metal could take over from lithium, a commodity that's seen prices slide on oversupply.

However, with producers starting to scale back, investors in lithium may want to stay their hand and not sell too quickly.

Copper could also see bottlenecking next year, along with the attendant upside for investors as commodity prices rise. The possibility that **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) could be digging deeper into copper could make the already defensive precious metals miner a [strong play on the green economy](#).

With its 1.17% yield, Barrick is also a moderately satisfying play on passive income, plus the classic protection of gold as a safe haven.

Investors should keep an eye on the headlines over the coming weeks, as a trade war deadline and a U.K. election fall within the same few days and could impact the way investors view risk at this time. Indeed, stronger gold prices are already returning as risk mounts.

The bottom line

Should you invest directly in auto stocks? While EVs have the potential to add huge upside to a stock portfolio, investing in the metals required for their batteries may be a stronger play.

However, investors may want to consider mixing Tesla and Barrick Gold shares for a combination of both side of the market.

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