



2 Top Investing Themes for Metals in 2020

Description

There are some strong plays on the **TSX** for investors seeking stocks that have responded well to hints of recovery. Industrials have ticked higher on vaccine rallies, while gold has proven a reliable source of near-term capital appreciation.

Indeed, it has been noted that certain gold stocks have become 2020's answer to cannabis; such is their standout upward momentum.

Some industrials could outrun the pandemic

Clean energy is also driving certain metal momentum right now. However, as electric vehicles (EV) go mainstream, the metals required for their batteries face some changes. Lithium *should* logically see some growth in terms of prices.

But given the heavy reliance of the EV industry on the silver metal, expensive lithium must, by necessity, come to an end at some point soon. Indeed, breakthroughs in lithium production, including brine extraction, have already been forthcoming.

All of the above therefore throws a spanner in the works for the higher lithium thesis. Supply bottlenecks plus ratcheting demand had marked out lithium investing as a high growth thesis. But the EV industry is not going to let this stand.

Investors seeking a companion play to stocks like **Tesla** may want to reconsider such names as **Lithium Americas** for this reason. Higher lithium simply doesn't fit Elon Musk's plan.

Up 13.9% in the last five days of trading, Lithium Americas is undoubtedly popular. Bathing in the reflected glory of the EV market, this stock has seen its three-month share price appreciation break the 100% mark. However, an oncoming flooded lithium market could see a pullback in the longer-term.

Tesla itself may prove the better stock in the long run. Not only does the latter name cover the EV space single-handedly, but it's also a play in its own right for [clean energy](#).

Diversified metals investing could pay dividends

Investors may alternatively wish to concentrate on other metals for higher growth. These include copper, nickel, zinc, and uranium. The first three of these spread risk across differing industries, including tech, renewables, and even medical applications. They can also be covered by a single stock: **Lundin Mining**. The last metal is arguably best covered by **Cameco** – a strong pure-play for uranium upside.

Zinc stocks are a canny play for metals production. Alternatively, investors may wish to go further and buy shares in **Russel Metals**. This is a lower cross-border trade pick that offers some shelter from protectionist tariffs.

Russel Metals is also a strong stock for investors who remain unsure of which way the economic axe will fall in the latter half of the year. While a [strong play for a recovery](#), Russel Metals is also a solid pick for long-term infrastructure bulls.

Investors seeking some regular income with their metals growth could look at names like Lundin and the higher-yielding Russel Metals. These stocks pay yields of 2% and 8.8%. Lundin is up 26% since last summer, indicating its pertinence to current market forces.

However, down 14.4% year on year, Russel Metals is a stronger play for investors seeking good value for money in a frothy industrials space.

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