



Buying Electric Vehicle Stocks? 5 Top EV Names to Invest In

Description

Matching impressive market share with the growth potential of electric vehicles, five key stocks are looking strong right now. But while some are overvalued, others are just getting started. From near-term upside to long-term wealth creation, here are five names that are central to the electric vehicle space for Canadian investors.

Big market share plus growth potential

Magna International ([TSX:MG](#))([NYSE:MGA](#)) is a key stock to buy ahead of the U.S. election. This is because auto stocks with an electric vehicle (EV) angle are a play for divergent growth theses. A Republican win could bolster corporate bullishness and consumer demand. A Democrat win would highlight the green power thesis driving EV growth — plus a potential easing of Sino-American tensions.

It's a tentative theory, though. The auto industry has been viewed as at risk from a Trump administration. There's also the cross-border metals tariffs to consider. Throw in the general volatility that follows any election, and the case for buying anything at the moment is automatically weakened. However, as a stock to watch, Magna should be on a list for post-election growth potential.

A frothy fall market for EV stocks?

Speaking of Asian growth potential, over on the NYSE, **NIO** came out of nowhere with 22% gains mid-October, dropping to a still-positive 7% the following Thursday. A week later, that sudden rally has faded. While it's certainly an interesting name, the fact that NIO is up by more than 1,600% makes it a precarious pick to watch for a pullback.

Other U.S. stocks to look at beyond the fairly obvious **Tesla** ([NASDAQ:TSLA](#)) include other auto makers such as **General Motors**. Canadians have shown interest in the forthcoming GMC Hummer EV recently, for instance. This makes GM a key stock to watch in the EV space.

Lithium Americas has been serving up some bodacious upside this year, up 255% as EV bulls pile into related commodities. However, a pullback of some 16% in the last five days makes this one to buy the dip. Watch for further deterioration if EV investors begin to suspect a Republican win on the way. Either way, [extra volatility this fall](#) will present opportunities to build a position on red ink.

Wait for November to buy shares?

Tesla has been pulling back, positive by less than 2% in the last four weeks. And that's in a month that has seen an earnings beat with a one-day lift of 5.5%. Overvaluation is clearly evident in a P/B of 36.6 times book. While investors don't get into Tesla for its value, its share price performance over the past month isn't too hot either at the moment. Post-election, investors should have a better idea of where Tesla is going.

In the long-term the EV space is likely to [generate mountains of upside](#). But let's return to the present. In just two weeks, the U.S. will decide whether to stick with President Donald Trump or jump parties. There's a perception among analysts that the green vs. hydrocarbon theses are split along party lines. In theory, this could mean that a Republican win could see a further pullback in EV shares.

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3. TSX:MG (Magna International Inc.)

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