



Buy This 1 Electric Vehicle Stock for Multiple Investing Strategies

Description

Last week, I wrote about three themes that are likely to cause ongoing uncertainty in the markets. I identified these as “U.S. protectionism; the continuing phenomena known as the Asian Century; and economic instability in the E.U.” I added that “the pandemic is likely to both exacerbate and complicate these trends, with the result of eventually reordering global markets.”

Of course, near-term momentum investors should find plenty here to make use of. However, the long-term portfolio holder may want to start looking at how [super-macro trends](#) could impact their stocks. Shortly after I wrote the above, China spearheaded a new trade bloc that will effectively constitute the largest in the world.

The fact that the U.S. is not a member of RCEP further underlines this challenge to established economic hegemony. But investors should also be aware that the U.S., despite having elected a Democrat nominee, is likely to continue operating in an isolationist vein for the time being. Joe Biden could find himself hamstrung by a starkly divided political system. In particular, trade could prove a thorny topic.

Look past near-term volatility

One name that really stood out this past couple of weeks is **Magna International** ([TSX:MG](#))([NYSE:MGA](#)). This is a stock at a pivotal four-way crossroads. It satisfies an unlikely range of theses. There’s the green power angle from its [electric vehicle exposure](#). There’s the Asia growth angle, too, afforded by a key joint venture in the region.

There’s also some post-Trump auto bullishness going around. And there’s the post-pandemic hope that’s both invigorating the markets and buoying the outlook for consumer appetites. All of this makes Magna a key name to watch for an holistic analysis of the markets and their crossover with North American economies.

The performance of Magna has been mixed, but by no means crushingly disappointing. A 2% year-on-year drop in quarterly revenue isn’t bad considering this tire fire of a year. Meanwhile, an EPS beat of

38.3%, while non-GAAP, offers a few crumbs of encouragement. A dividend yield of 2.6% might also be enough to endear this wide-moat name to a long-term income investor with a low threshold for risk.

One stock with multiple edges

The outlook for Magna is decidedly rosy. With a projected 72% annual earnings growth penciled in for the next couple of years, this name could suit a growth stock strategy. In terms of value, Magna's 48% discount off its fair value means that this name also qualifies as a value pick. Its market ratios tell a different story, though, with a P/B ratio of 1.7 times book suggesting intrinsic overvaluation.

The electric vehicle thesis is strengthening by the day. Major players are getting in on this growth trend. Policy is also swinging around in its favour. Consider the growing mandate for electric vehicles, such as the U.K.'s pending 2030 ban on new combustion engine cars. While **Tesla** has captured its own intense and loyal following, there is plenty of scope for other stocks in this space to accrue value in the coming months and years.

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