



Investors: Watch This 1 Major Growth Stock Trend in 2021

Description

It's been a rollercoaster of a U.S. election cycle – and the drama is far from over. With one half of the American populace pitted against the other, the prospect of a stymied political system has dampened certain erumpent growth trends. Of course, a presumptive democrat win technically means good things for the green economy – a [global megatrend](#) unlikely to be sidelined by any single event.

However, a Joe Biden presidency is unlikely to be a smooth road for progressive policymakers. Multiple challenges are likely to arise from an aggressively divisive Washington contending with an isolationist legacy. But with a pending change of faces in the White House, the green power thesis just got moderately stronger.

Tap the green power uptrend

The general outlook for the auto industry has also gotten stronger. Whether these two trends play out in the long-term will of course be a question for the historians. But for the near-term, green vehicles are getting a rare run of green lights. Let's take a look, then, at some of the strongest stocks for investing in the electric vehicle growth trend.

Lithium Americas has a fairly solid outlook, with 43% annual revenue growth expected. Value for money is a concern here, though, and doesn't sit too well with an overloaded balance sheet. Investors gong long may want to wait for a pullback before buying a stake. A P/B ratio of 7.2 times book denotes a stock in danger of a correction, especially in today's hair-trigger market. Any uptrend can flip in the present investing landscape.

The industrial thesis is certainly strong for lithium in the near-term. However, the hunt is already on for cheap materials to use in electric vehicle batteries. As such, the upside thesis in the commodities space could be limited. As the EV sector ramps up, metals prices could be driven down by the need to economize at scale. As such, investors may want to speculate in lithium, but focus on auto manufacturers.

Weighing auto stocks for EV exposure

In terms of outlook, **Magna International's** annual earnings growth is estimated at 72%, putting this name firmly in [growth stock territory](#). Value could be better with a P/B ratio 1.8 times book. While a dividend yield 2.65% is on offer, its coverage is over 100% of earnings. Investors may want to consider this payout ratio before buying for the dividend.

Balance sheet investors may still look askance at the likes of **General Motors**. However, it does have value for money on its side. With better value denoted by a P/B of 1.2, GM is the cheaper play. A forecast dividend yield of 1.8% doesn't quite match Magna's, though. Either name could also see steep growth in 2021; whether they reach anything like **Tesla's** +600% 12-month bull run seems unlikely, though.

Indeed, anything in overvalued territory right now is cruising for a bruising. A market selloff could devastate growth stocks. The electric vehicle space is also prone to becoming seriously watered down by overcrowding. However, the stocks listed here could be strong buys after a correction. Until then, keep calm and carry on watching the stock markets.

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vhetherington

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