



Forget Tesla: Buy This 1 Top TSX EV Stock Today in 2021 Instead

Description

The year 2020 was amazing for **Tesla**. Its shares surged by nearly 700% during the year. In December, Tesla also became a part of the **S&P500 Index** — the key United States stock market index.

While the shares of Elon Musk-led electric vehicle (EV) company rewarded its investors with solid returns, many experts are now [questioning](#) its dramatically high valuations. Due to its high valuations, Tesla investors shouldn't expect such extraordinary gains in 2021. Nonetheless, the electric car market is booming, and companies investing in the EV market — directly or indirectly — could yield outstanding returns in the coming years. Let's take a closer look.

The EV market is booming

The EV market has seen a massive demand surge in the last few years. Despite the COVID-19 pandemic, EV sales saw a remarkable rise in 2020. The U.S. president-elect Joe Biden has already highlighted how his administration plans to give a big boost to EV infrastructure in the country.

During his presidential campaign, Biden [said](#), “we can own the electric vehicle market — building 550,000 charging stations — and creating over a million good jobs here at home — with the federal government investing more in clean energy research.”

While China is currently the top EV maker and consumer, U.S. companies seem to be making efforts to compete with it with the help of a political will. These factors will further accelerate EV market growth in the coming years.

Now, let's take a closer look at one great EV stock that Canadian investors can buy on **TSX** today.

Canadian EV stock to buy now on TSX

Last week, Ontario-based **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) revealed its plan to partner

with **LG Electronics** to form a new joint venture. The joint venture would tentatively be called LG Magna e-Powertrain — focusing on electric powertrain products such as e-motors, inverters, and electric drive systems.

Magna International is a mobility technology company that makes most of its revenue from the U.S. market. Austria, Canada, Germany, Mexico, China, and the Czech Republic are among its other key markets. After the [COVID-19 headwinds hurt](#) its second-quarter earnings, Magna's financials significantly improving the third quarter.

The company's Q3 earnings rose by over 38% year over year, and beat Bay Street's earnings expectations by a wide margin. Its quarterly adjusted net profit margin also improved to 6.4% in Q3 — its highest net profit margin in years.

Bottom line

After a significant rise in 2020, electric cars' demand is likely to grow exponentially in the coming years. While this demand would help carmakers like Tesla grow fast, it would also open the path for big financial growth for EV parts suppliers like Magna International.

In the medium to long term, these factors could drive a buying spree in the shares of such companies betting big on rising electric car demand. That's why it's great time to buy its stock.

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Date

2025/07/06

Date Created

2020/12/29

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