



## As Tesla Stocks Falls, This Top EV Stock Is Climbing!

### Description

Electric vehicle (EV) stocks are the “it” stock of the moment. The announcement from President Joe Biden that billions would be invested into green energy, along with the replacement of 650,000 federal vehicles with EVs, fuelled the rise even further. Yet after an astronomical climb, **Tesla, Inc** ([NASDAQ:TSLA](#)) has started to seriously drop. But don't worry. So should you invest in this popular stock, or consider other options?

### The year of Tesla

Tesla stock climbed incredibly during 2020. The company reported six consecutive profitable quarters, and the demand for more cars is continuous. It seems to dominate the EV market, and encourages other automakers to do the same. **Ford** and **General Motors** are just some committing to a full fleet of EVs or plug-in hybrids by 2035.

Tesla stock rose 748% in 2020, and 355% in the last year. Over the last decade the share price has risen almost 13,000%! That's a compound annual growth rate (CAGR) of 62.57%! But more recently, the stock has started to drop, down 36% as of writing since the beginning of the year.

The drop seems in line with the tech industry and other stocks that soared in 2020. Basically, last year was so good the company worries it can't be repeated. After all, Elon Musk invested in [Bitcoin](#), it listed on the **S&P 500**, and production reached high levels, with the company deriving US\$1.6 billion in regulatory credit sales. But this year simply doesn't look as good.

First of all, Ford and General Motors are now edging in on the company's revenue by creating EVs. The company also announced it would pausing production of the Model 3 as it lacks parts. The company is now valued at a market capitalization of US\$540 billion, with a price-to-earnings ratio (P/E) of 137! Talk about pricey.

While sales are still expected to rise by 52.5% in 2021 and 30.3% in 2022, with earnings rising by 83.5% and 33.8% respectively, it may still be time to seek out cheaper options.

## A cheap alternative

If there's one thing that will be needed within the green energy sector no matter where you look, it's batteries. Lithium batteries power EVs and really any other method of energy storage, whereas you'll have to choose which company you get behind when it comes to EVs. With lithium you simply just invest in the mineral.

That makes **Lithium Americas Corp.** ([TSX:LAC](#))([NYSE:LAC](#)) a winner in the next decade and beyond. In fact, it's already seen a rise thanks to the boost from Tesla stock and others. Shares in Lithium stock are already up 268% in the last year, and 25% year to date. Yet it's dropped back a bit as well, providing the perfect opportunity to jump in.

The company is literally fuelling the green energy boom. It's a successful company that's perfect as a pure-play towards lithium. It now has two world-class lithium projects in both Argentina and Nevada, raising nearly a billion dollars in equity and debt showing investor interest. Yet the company has a much more reasonable 25.6 rux P/E ratio compared to Tesla stock.

## Foolish takeaway

While it might be tempting to simply invest in Tesla stock, especially on a dip, it's pricey with the near term uncertain as competitors move in. If you *really* want to take advantage of the green energy boom, lithium is the way to go. That makes Lithium Americas stock the perfect choice for 2021 and [beyond](#).

### CATEGORY

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3. Personal Finance

### TICKERS GLOBAL

1. NASDAQ:TSLA (Tesla Inc.)
2. NYSE:LAC (Lithium Americas Corp.)
3. TSX:LAC (Lithium Americas Corp.)

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