



Apple Car Speculation Could Drive Big Growth for This Top TSX Stock

Description

The much-fabled **Apple** ([NASDAQ:AAPL](#)) car has kept the gossip mill running full-steam of late. Indeed, there's a [tonne of speculation](#) right now as to which company Apple will ultimately tap as a partner. While the tech company has focused its initial discussions on large auto manufacturers, talks have thus far not been productive.

That said, I think there's reason to believe **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) could be in the running.

Here's why I think Magna should be on investors' radar right now amid this speculative potential catalyst.

Apple's business model fits well with Magna

Hands-down, the iPhone is Apple's core product. However, most of its back-end production is carried out by third-party manufacture like **Foxconn**.

Indeed, Apple is mostly concerned with product designing, marketing and its supply chain. That's where Apple earns the big bucks.

Indeed, this global giant continues to be a cash flow-generating machine by avoiding low-margin businesses. Apple doesn't like to invest heavily in infrastructure or factories to manufacture its products. This business model of relying on third parties has worked for Apple, and I think it could continue to be fruitful if the same is practiced in its targeted new line of business.

We already know that the discussions with its existing auto manufacturers have not been successful. Indeed, most of these manufacturers were hesitant to shift their current production lines toward lower-margin products. When it comes to Magna, I feel this global automobile manufacturing company enjoys a great position to partner with Apple.

Magna is already well recognized as one of the biggest auto part suppliers in the world. However, the

company is also a massive auto manufacturer in its own right.

In fact, it produces cars for the likes of global giants like Land Rover, Jaguar, **BMW**, **Toyota**, and **Volkswagen**. It's a company with the capacity and know-how to take on such a partnership with Apple. Needless to say, if such a partnership pans out as many imagine it could, both parties would stand to reap massive benefits.

Bottom line

Recently, rumours that other leading smartphone makers are all set to enter into the EV space makes this market even more enticing for automotive manufacturers and suppliers like Magna.

I think Magna's in a unique position right now to give Apple everything it wants, while turning an impressive profit on the deal. Indeed, if I were a betting man, Magna would be an interesting bet to pursue right now.

That said, this remains a big unknown, and there's no confirmation of anything actually materializing right now. However, the market is in a highly speculative mode right now, so I wouldn't be surprised to see Magna's shares reflect this speculation.

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2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)

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