



## Why Lithium Americas (TSX:LAC) Jumped 12% on Tuesday

### Description

**Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) soared 12% on Tuesday, after already seeing growth in pre-market trading. The jump is mainly tied to the ever-climbing price of lithium, with electric vehicle demand continuing to rise. The stock is now up 141% in the last year.

### What happened?

The price of lithium has been climbing higher and higher these last few months. In fact, in the last month alone, the price of lithium jumped 35%. In the last year, it's up a whopping 497% as of writing. That makes it an industry everyone wants to be a part of.

The shortage in lithium has led many companies to expand their [operations](#), especially in Latin America. This was the case for Lithium Americas as well, where its lithium companies saw a major increase in deals during December.

In particular, Lithium Americas making a US\$259 million deal in Argentina. This came from raising US\$225 million in convertible senior notes and exercising an over-allotment of US\$33.7 million for the rest. The new Cuachari-Olaroz lithium project should see production start in mid-2022.

### So what?

This seems to be just the breaking of the ground in Argentina, where Lithium Americas continues to make even more deals. Back in November, the company agreed to acquire Millennial Lithium. This would target the Pastos Grandes lithium project in Argentina as well.

The expansion is well deserved, as Lithium Americas needs to pick up the pace to help electric [vehicle](#) operators meet demand. Not only will most cars be electric in the future, but many will have electric components. This means a demand for lithium batteries is a very real present.

The lithium market should reach a global size of US\$8.24 billion by 2027, according to *Fortune Business Insights*

. Meanwhile, Credit Suisse expects demand to triple between 2020 and 2025.

## Now what?

Motley Fool investors may already know that Lithium Americas has yet to generate revenue from operations from its many projects. However, the combination of increasing demand and projects should change that in 2022. Its Thacker Pass project in Nevada and its projects in Argentina will certainly address the growing demand for the mineral.

Not only will the Cauchari Olaroz mine produce estimated operating costs below US\$3,600 per tonne, but its Millennial Lithium acquisition will create combined synergies. It remains with strong financials and a massive growth pipeline that could see this stock be one of the top players in 2022.

So, yes, shares of Lithium Americas are up 12% on Tuesday. But analysts still give it a target price of \$48, representing a potential upside of 14% as of writing. I would definitely consider this company as a long-term [hold](#) in the electric vehicle boom.

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