



## Why Lithium Americas Stock Shot up 10% on Tuesday

### Description

**Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) shares climbed as much as 10% on Tuesday. Analysts continue to see lithium supply run far behind [demand](#). The \$5.12 billion company meanwhile continues to acquire more lithium projects, creating a powerhouse of lithium production.

### What happened?

The price of lithium soared to worth about 430,000 yuan, eight times higher than it was at the start of 2021 and 47% higher than the beginning of 2022. The biggest driver is that there simply isn't enough lithium to meet the incredible increase in demand — not just this year, but in the last few years. And that's only set to [increase](#) in the years to come.

The biggest producer and consumer of lithium remains China, where electric vehicle production has skyrocketed over the past few years. In December 2021, 25,921 tonnes of lithium carbonate equivalent were in new passenger vehicles around the world, according to Adamas Intelligence. This marked a 68% increase year over year.

### So what?

Now, of course, Lithium Americas stock will be affected by this increase in demand as a lithium producer. But it will see likely one of the highest increases as one of the largest lithium producers in North America — especially as it continues to acquire lithium producers, such as Millennial Lithium this year.

As more and more car manufacturers lean towards electric vehicle production in the next decade, Lithium Americas stock could see its share price explode — especially with so many American carmakers needing the in-demand mineral.

## Now what?

The lithium outlook on a global scale remains mixed among analysts. It could be as much as 60,000 tonnes, or as little as 26,000. Either way, it's an improvement on this year's production as demand surges. For Lithium Americas stock, the company aims to substantially increase lithium production. This comes from adding from acquisitions and investments in lithium producers as well as currently running mines.

The problem is even with all these plans, [issues](#) still remain. COVID-19 continues to put a damper on production, plus the growing pains of ramping up mines. There could also be a potential for a slowdown, as both supply demands and inflation put cost pressures on production and therefore the price to purchase EVs. So, if producers don't find some way to ramp up soon, the pressure on the industry could reach a boiling point that leads to a fizzle.

Shares of Lithium Americas stock are up 8.64% as of writing and down 10% year to date.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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