



## Pick From 2 Lithium Stocks for Your Next Big Investment

### Description

Energy and [mining stocks](#) are in the limelight this year due to increasing oil and base metals prices. Moreover, the materials sector is popular these days, because investors want safety nets in the current complex environment. Many prefer gold stocks, although silver, platinum, and copper producers are gaining attention, too.

Surprisingly, there's little interest in producers of lithium, lithium compounds, and lithium-related components. Lithium is also a precious metal and is the lightest of them all. It should rise in prominence together with the electric vehicle (EV) market.

Lithium is versatile but it's commonly used in rechargeable batteries. The metals-based commodity is also present in cellphones, laptops, tablets, and other electronic devices. However, the demand for lithium-ion batteries will grow by leaps and bounds during the electric revolution.

Growth investors can take early positions in the rare element through lithium stocks. **Allkem** (TSX:AKE) and **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) are obscure today but should be among the next high-growth stocks.

### Top performer

Allkem's trading volume in 2022 is low, yet it outperforms the TSX. At \$11.81 per share, investors are up 25.24% year to date. Moreover, the trailing one-year price return and overall gain in 3.01 years are 110.89% and 266.77% (53.97% CAGR), respectively.

The \$7.53 billion global lithium chemicals company aims to build a sustainable future. This Buenos Aires-based firm operates in North America, South America, its unique portfolio includes lithium brine and borax operations (Argentina), a hard-rock lithium operation (Australia) and a lithium hydroxide conversion facility (Japan).

According to management, the majority of supply growth from lithium chemicals will come producers with Tier-one resources and technical processing expertise like Allkem. The demand for lithium

chemicals is rapidly rising, but there would be supply deficit for the rest of the decade.

## Deep-value play

Lithium Americas has rewarded investors with a 536.09% (84.87% CAGR) in 3,01 years. The share price of \$31.55 (-14.31% year to date) is a good entry point. Market analysts covering the stock recommend a buy rating for this deep-value play. They forecast a 54.2% price appreciation to \$48.67 in one year.

This \$4.24 billion resource company explores for lithium deposits in two projects: Caucharí-Olaroz in Argentina and Pastos Grandes in the United States. Expect Lithium Americas to play a critical role in helping Biden's administration achieve its EV goals. Since the U.S. government wants more lithium mines, the company will open a large one in Nevada.

## Huge addressable market

Lithium is not popular as gold, but it could overtake the demand for the yellow metal very soon. Thus, expect lithium stocks to be a top portfolio diversifier soon. Grand View Research, Inc. estimates the global lithium market to reach US\$8.2 billion by 2028 (14.8% CAGR from 2021 to 2028). It also sees rising investments in lithium mining and related technologies as a key trend.

Since Allkem and Lithium Americas are incumbent producers, they should have a competitive advantage. Both lithium stocks are well positioned for powerful growth and should deliver far superior returns than other mining stocks.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. NYSE:LAC (Lithium Americas Corp.)
2. TSX:LAC (Lithium Americas Corp.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. cliew
2. kduncombe

**Category**

1. Investing
2. Metals and Mining Stocks

**Date**

2025/07/20

**Date Created**

2022/05/25

**Author**

cliew

default watermark

default watermark