Buy Alert: This Auto Stock Is Unstoppable After Strong Results

Description

While everyone else is looking at the strong earnings of energy stocks this week, investors may not have noticed that one stock surged higher and higher. This auto parts stock beat out estimates, and then some. And the company now looks unstoppable.

Why not energy?

Energy stocks certainly did well, and if you're looking for growth in the next while, they could be a good investment. However, I would warn long-term holders against investing in this area. It looks like oil and gas prices are good for now, but there are a few reasons why that may change.

The most near-term issues are sanctions against Russia. This includes oil and gas, which is why countries under the Organization of Petroleum Exporting Countries (OPEC+) have been trying to up production. However, sanctions will eventually come to an end, and countries may go back to receiving cheap Russian oil.

Then there's the long-term issue. Countries are also taking this opportunity to get away from Russian dependence and create renewable energy at home. This is especially true in Europe right now. Because of this, there's likely to be an increase in renewable energy use even in the next few years but certainly in the long run.

Auto stocks are a huge win

Instead, looking at companies that produce auto parts is a huge opportunity for investors. Not only are cars always needed, but there is a massive push to get electric vehicles on the road. In fact, large car manufacturers are now announcing full electric or hybrid fleets of vehicles between 2030 and 2035.

Due to this move, companies that produce auto parts continue to be a strong choice for investment. And that's especially true for **Martinrea International** (TSX:MRE) after recent earnings results.

Martinrea stock announced record quarterly sales during the third quarter, thanks in part to an ease in supply shortages. The company made $1.19 billion in sales, which is 41% higher than the same time last year. Net income increased by almost double to $35.9 million, and it beat out estimates by 37%.

Should you buy?

Shares of Martinrea stock jumped 15% at the news, and continue to climb, up 23% as of writing. With such a boost, should investors buy? Analysts say yes.

There is a long-term pattern here that investors can take advantage of. With supply shortages waning, it looks like the company could be on the path for even more sales. Further, Martinrea stock reduced product launch costs, improved production volumes, and faces fewer supply-related disruptions.

All this should lead to even more growth in the next quarter for investors — especially as it continues to make progress on raising its prices to offset inflation.

So, with the auto stock offering a 2.29% dividend yield, still down 5% year to date, and trading at 0.61 times book value, Martinrea stock doesn't just look like a buy. It looks to be all but unstoppable — especially for investors looking to get in on the future of the auto industry with growth along the way.

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