Top EV Stocks to Consider in January 2023

Description

Using fossil fuels to power our vehicles is the most significant source of pollutant emissions, and EVs can help change that. Many vehicle makers are going with conventional EVs that require charging as a fuel source. While others are using hydrogen fuel cell-based EVs that drive the power train by recombining hydrogen with oxygen to generate electricity. Both types of electric vehicles contribute towards the betterment of our environment.

EVs are maturing as a technology, becoming more mainstream, and triggering infrastructure development to support their adoption. Alongside this progress, EV stocks are also being considered from a long-term feasibility perspective.

They have gone past the “novel technology that might break big” phase. Accordingly, they should be assessed based on the potential of the underlying company in a market that has just started to adopt EVs as a practical transportation solution.

With that in mind, there are two EV stocks you should consider buying in January 2023, regardless of whether or not you are interested in ESG investing.

An EV manufacturer

Lion Electric (TSX:LEV) is an EV bus and truck manufacturer based in Canada. Its primary product offering is yellow school buses (three different variants). But it also manufactures a minibus (for 24 passengers) and urban class 6 and 8 EV trucks. With this product diversification within the mass transit category, Lion captures different segments of the market.

The school bus market alone is quite significant in North America. There were well over 44,000 school buses in Canada in 2022. The number is tenfold higher in the US. With a few large contracts from local governments replacing their conventional buses with EV counterparts, Lion Electric can see a significant boost in its business activities and revenues.

Another reason to consider this EV stock is its portfolio of EV services, which includes charging stations. So, it's equipped to offer complete solutions to prospective clients, i.e., charging stations and EVs, in a specific school district.

The stock has been on a downhill ride virtually since inception. Yet, in the last 30 days, it has risen over 19% as it begins to turn things around (following the market). You may consider buying it before this bullish streak erodes together with the lucrative discount it's still trading with.

A ZEV and EV manufacturer

Unlike Lion Electric, **NFI Group** (TSX:NFI) works with both technologies – battery-powered EVs and fuel-cell EVs (ZEV). In the long run, fuel-cell vehicles are expected to be far greener and safer for the environment compared to battery-powered alternatives. This is because of the emissions associated with the mining of battery metals and recycling/waste management challenges associated with batteries.

Since fuel-cell vehicles require hydrogen as the main source of power, they are lighter, easier to refuel, and may produce far smaller solid waste per unit compared to conventional/rechargeable EVs.

The only problems now are the lack of infrastructure for producing hydrogen. If a breakthrough happens in this regard, making hydrogen more readily available, we may see stocks like NFI Group shoot through the roof.

Even now, it's one of the most mature producers of these vehicles and has shipped almost 2,400 units (since 2015).

Foolish takeaway

One trend you may pick up on is that Canadian stocks from the EV industry lean more towards mass transit (buses) than individual cars/smaller vehicles. This is not necessarily a problem, especially considering the potential of bulk buying and institutional buyers for these types of vehicles.

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