



Are Hydrogen Stocks or Lithium Stocks Better for Long-Term Investors?

Description

Chemical elements like hydrogen and lithium are starting to generate interest among long-term investors looking to “green” their portfolios. **Ballard Power Systems** ([TSX:BLDP](#)), the maker and seller of hydrogen fuel cells, is attractive to hydrogen investors. If your inclination is towards lithium, the top choices in the [basic materials sector](#) are **Allkem Limited** (TSX:AKE) or **Lithium Americas** ([TSX:LAC](#)).

The three stocks are billion-dollar companies, not penny stocks. Moreover, all of them outperform the broader market year to date. However, if you’re chasing a dream investment for the future, is Allkem or Lithium Americas a better choice than Ballard Power Systems?

Utilization

Lithium has the lowest density of all metals and can be found in small amounts in igneous rocks and mineral springs. Regarding utilization, mobile phones, laptops, digital cameras, and electric vehicles have lithium in their rechargeable batteries. Things with non-rechargeable batteries, like clocks, toys, and heart pacemakers, use lithium, too.

Hydrogen, the most abundant chemical element on Earth, can be produced from natural gas, biogas, nuclear power, and renewable power (solar and wind). It’s important to harness hydrogen on a large scale, because it provides useful energy, especially for homes and businesses.

Lithium investments

Allkem Limited has lithium brine operations in Argentina, a hard-rock lithium operation in Australia and a lithium hydroxide conversion facility in Japan. The \$7.51 billion specialty lithium chemicals company also has several projects under development that should enhance its international scale and product flexibility.

Besides the goal to meet significant market growth, Allkem is preparing for the global transition to a net

zero carbon future. In fiscal 2022 (year ended June 30, 2022), total revenue increased 808.2% to US\$769.82 million versus fiscal 2021. The total profit reached US\$337.22 million compared to the US\$89.47 million net loss a year ago. At \$11.55 per share, Allkem is up +12.24% year to date.

Lithium Americas is advancing significant lithium projects. The Caucharí-Olaroz in Argentina is the country's next low-cost brine lithium carbonate project. This \$4.42 billion company is conducting exploration and development work in 22 monitoring wells in the Pastos Grandes project.

The Thacker Pass project in Nevada is advancing toward construction. In the nine months that ended September 30, 2022, the net loss rose 122.8% year over year to US\$103.6 million. Still, at \$32.73 per share, investors enjoy a 27.50% year-to-date gain.

Former top growth stock

Growth investors are familiar with Ballard Power Systems because it's a perennial winner in the TSX30 flagship program for top-performing [growth stocks](#). Except for 2022, the stock made it to the distinguished list in 2019 (12th), 2020 (second), and 2021 (fourth).

In the nine months that ended September 30, 2022, Ballard's revenue declined 6.6% to US\$63.32 million versus the same period in 2021. The net loss of this \$2.44 billion fuel cell expert increased 97.5% year over year to US\$139 million. At \$8.20 per share, the year-to-date gain is 26.54%, although the trailing price return is -34.35%.

Speculative investments?

Some market analysts say Allkem or Lithium Americas are long-term plays but speculative assets. Meanwhile, Ballard Power Systems also has challenges and profitability issues. The stocks are excellent options in clean energy but take your time taking positions. Wait for lithium and hydrogen demand to increase and stabilize.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:BLDP (Ballard Power Systems Inc.)
2. TSX:LAC (Lithium Americas Corp.)
3. TSX:ORL (Allkem)

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