

Three Oversold Lithium Stocks Set to Accelerate in New Year 2022

Lithium stocks could be some of the top winners of 2022.

For one, most are oversold after pulling back on profit taking.

Two, demand isn't slowing and supply just can't keep up.

All thanks to electric vehicle demand. At the moment, governments all over the world want millions of EVs on the roads over the next decade. The U.S. for example wants about 50% of all car sales to be electric by 2030. Companies, like Ford, General Motors, Volkswagen, and Mercedes are racing to develop them.

Again, though, we just don't have enough supply. In fact, according to S&P Global, "There is the quadrupling of demand in just five years and probably a growth of six or seven times over 10 years. So, clearly the industry is not prepared today for that level of demand – the amount of incremental capacity that the industry needs over the next 10 years is at least 1.5 million mt. and in terms of capital investment, will probably require \$45 billion-\$50-billion of investment into new projects or expansions of existing operations."

So, which lithium stocks should investors consider for the New Year? Here are three ideas.

Lithium Americas (LAC)

Lithium Americas (LAC) is technically oversold.

In fact, if you pull up a two-year chart of LAC, you can see RSI, MACD, and Williams' %R are all deep in oversold territory. Also, the last few times these indicators became this oversold, the stock bounced back nicely shortly after.

In addition, construction activities at the company's Caucharí-Olaroz remain on track to achieve first production by mid-2022 on the initial 40,000 tonnes per annum operation.

At Thacker Pass, results of a Feasibility Study on the first phase of Thacker Pass (for at least 30,000-35,000 tpa of lithium carbonate) are expected by year end. Engineering is underway to consider a 20,000 tpa lithium hydroxide chemical conversion plant, to provide flexibility to meet potential customer and partner needs.

Albemarle (ALB)

One of the top names in the lithium business is Albemarle, which is benefiting as battery metal producers struggle to keep up with demand. Also, after pulling back from \$290 to \$223, the stock appears to have caught strong support. Near-term, we'd like to see ALB again test its prior high of \$290 on the supply-demand story.

Better, the company just posted Q3 sales growth of 11%, and increased guidance.

"Despite supply chain challenges and increased raw material costs last quarter, we continued to deliver solid revenue and adjusted EBITDA growth," said Albemarle CEO Kent Masters. "In October, we achieved first lithium carbonate production at our new La Negra III/IV conversion facility. We are making investments to add significant conversion capacity in China, initially targeting up to 150,000 metric tons of lithium hydroxide per year which will provide high-return growth opportunities aligned with the increasing demand from our customers."

Global X Lithium & Battery Tech ETF (LIT)

If you're looking for exposure to the lithium market, you can always pick up the Global X Lithium & Battery Tech ETF (LIT), which invests in the full lithium cycle. Some of the ETF's top holdings include Albemarle, BYD Co., Tesla, LG Chem Ltd., Livent Corporation, and dozens more, offering solid diversification among top lithium and battery tech names.