

# The Tesla led electric vehicle boom will lead to a tsunami of demand for the EV metal miners

The recent electric vehicle (EV) stock prices surge is telling a story. The story is one of change. The change is that electric vehicles are coming much sooner than many think. While EV manufacturer stocks have surged, battery manufacturers have done well, the EV metal miners are yet to jump. This presents one of the biggest investment opportunities of the 2020s decade, as a tsunami of demand hits the EV metal miners.

Tesla's (NASDAQ: TSLA) stock is up over 8 fold the past 14 months (up 492% the past 1 year) and is now the world's largest car company by market cap. Tesla is rapidly gaining market share and is severely production constrained, as shown by their over 650,000 Cybertruck orders, not to mention a backlog of orders for Model Y, Roadster 2 and Semi.

In fact it was reported yesterday: "Later this year, we (Tesla) will be building three factories on three continents simultaneously." This followed the Tesla Q2 earnings release with Tesla now achieving 4 quarters of consecutive profitability making them now eligible to join the S&P500, a move that would typically see a surge of Index funds buying the stock. Meanwhile other pure EV plays are also booming. Nikola Corporation (NASDAQ: NKLA) is up 285% in the past year and NIO Inc. (NYSE: NIO) is up 250%. Will Fisker (NYSE: SPAQ) be next?

Lithium-ion battery megafactories are being built as fast as they can to meet the surging battery demand. There is

currently over 115 Li-ion battery megafactories either built or in planning until 2029. This equates to enough capacity to make 39 million EVs per annum by 2029. This is a massive increase on the 2.2 million electric cars sold worldwide last year.

As a result, shares of the leading battery manufacturers are flying higher. LG Chem is 57% higher the past year and Chinese giant Contemporary Amperex Technology Co., Limited ("CATL") is 174% higher over the past year.

The 2017 boom in EV metals was merely the entree. What is coming this decade is so much bigger. Nickel sulphate battery demand is set to lead the pack with a staggering **14x** increase in demand from 2019 to 2030. Aluminum, phosphorous, and iron will also be needed to meet the EV production surge. Copper demand for EVs is forecast to surge **10x** due to its use in electric motors, wiring, and charging infrastructure. Finally the other battery metals are all set for a surge in demand. These can perform the best as they are often smaller markets with supply constraints as most investors know with cobalt in particular highly reliant on the volatile and corrupt DRC.

- Graphite – A **10x** increase in battery demand from 2019 to 2030.
- Lithium – A **9x** increase in battery demand from 2019 to 2030.
- Cobalt – A **3x** increase in battery demand from 2019 to 2030.
- Manganese – A **3x** increase in battery demand from 2019 to 2030.

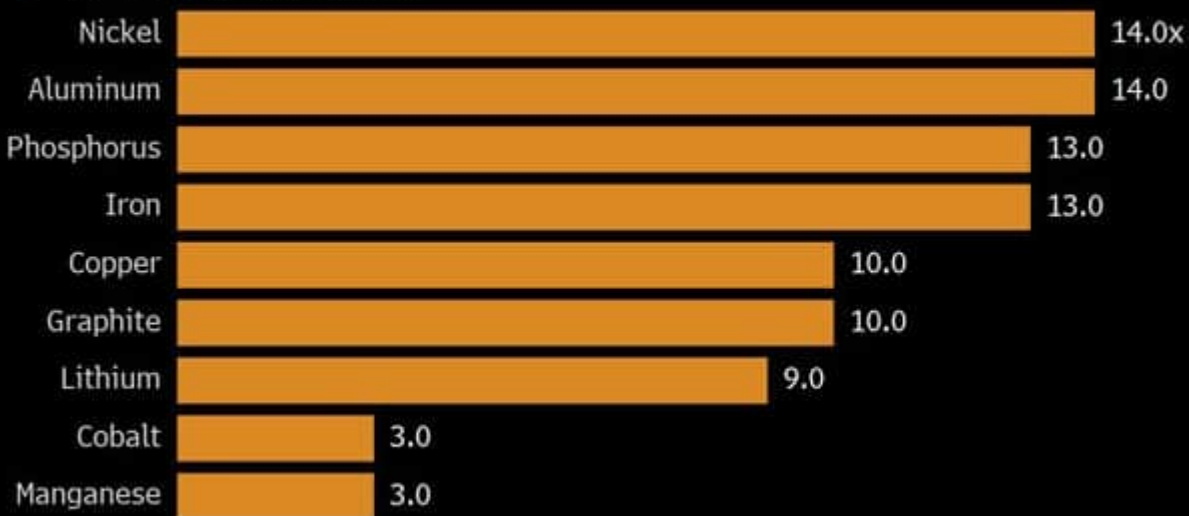
Note: Rare earths will also see a surge in demand as they are needed for powerful magnets in EV motors and wind turbines.

**Bloomberg forecasts a tsunami of demand coming for EV battery metals this decade**

## Battery Boost

Demand from electric vehicle batteries will spur a group of metals

■ 2019 v 2030 demand growth



Source: BloombergNEF

Bloomberg

When have you ever heard of a car manufacturer publically saying this? Elon Musk's plea yesterday for mining companies is quoted below:

"Please mine more nickel.....Tesla will give you a giant contract for a long period of time if you mine nickel efficiently and in an environmentally sensitive way."

### Closing remarks

The EV boom is about to take off as EV prices become purchase price competitive with conventional cars by ~2022. The battery factory build out is well underway. What is lacking is investment into the EV miners to supply what will be the much needed raw materials, hence Elon Musk's plea to miners. Many investors don't understand to bring on a new mine to full production can take 5-10 years, compared to 1-2 years for an EV or battery factory. EV metals supply constraints will be the biggest obstacle that the EV boom will face this next decade.

For investors the opportunity is now clearer than ever. Buy EV metal miners with quality assets in safe jurisdictions and with ability to scale rapidly to meet surging demand. While current producers are the safest and preferred way, the near term junior producers (developers) can offer tremendous returns, albeit with higher risk.

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**Disclaimer:** The InvestorIntel Sr Editor Matthew Bohlsen currently owns shares in Tesla. The information in this article is general in nature and should not be relied upon as personal financial advice. For more information, contact Tracy Weslosky at [info@investorintel.com](mailto:info@investorintel.com).