

Tesla Inc.

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China's traditional engine ban plan augurs well for battery metals sector

China's plans to ban the internal combustion engine is good news for the battery metals sector, reckons broker Eight Capital.

In a note, analyst David Talbot said while no specific date had been set he expects the engine ban to coincide with China's commitment to an emissions cap by 2030.

Of course China isn't the only country to go down this track.

Norway plans to go all electric by 2025, while the UK aims to ban sales of diesel and gas cars by 2040.

A third of the world's car market

According to Bloomberg Intelligence, China represents a third of the world's car market and almost 80% of the global auto market is pushing towards phasing petrol cars and adopting electric ones.

Talbot notes that future sales growth in China will be made up of electric cars and hybrids, and as many as 800,000 charging stations will be built next year. This will of course directly benefit China's electric vehicle makers.

In addition, global car making giant VW has pledge to spend €20bn to develop its electric models to market by 2030 and promising to devote another €50bn into the batteries required to power the cars.

Batteries are expensive...

Batteries are the main expense when making an electric vehicle and the industry is committed to drive down that cost. They have already fallen substantially in the last seven years to US\$270/kWh, while energy density has increased.

A reliable supply of lithium (cathode), cobalt (cathode), and graphite (anode) will be necessary to secure a global electric vehicle revolution.

The broker's top lithium stock picks, all of which are rated 'buy' are Nemaska Lithium (TSE:NMX), Lithium Americas Corp (TSE:LAC) and Advantage Lithium (CVE:AAL).

In graphite, it has NextSource Materials Inc (TSE:NEXT) and Northern Graphite Corp (CVE:NGC), and Mason Graphite Inc (CVE:LLG) - all rated 'buy'.

For cobalt, it highlights eCobalt Solutions Inc (TSE:ECS).

1 Year Share Price Graph



Share Information

Code: TSLA
Listing: NASDAQ
Sector: Manufacturing
Website: www.teslamotors.com

Company Synopsis:

Tesla Inc. was founded in 2003 by a group of Silicon Valley engineers who set out to develop a new electric vehicle company. Tesla Inc. uses proprietary technology, world-class design and state-of-the-art manufacturing processes to create a new generation of highway capable electric vehicles. We utilize an innovative distribution model based on Company-owned sales and service centers.

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