Get ready EV Metal Investors as global electric car sales for June 2021 increased by a massive 2.5x

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Global electric car sales for June 2021 increased by **a massive 2.5x (compared to June 2020), reaching 8.7% market share**. These results were led by Europe hitting a record market share of 19% (last year June 2020 was 8.2%) and China reaching a market share of 15% (June 2020 was 5.5%). 70% of all global electric car sales in 2021 were 100% battery electric vehicles (BEVs), the balance being hybrids. These results highlight the exponential growth and disruption that is now occurring in the car market and indicate that electric cars are now well on the way to becoming mainstream. In most cases sales are only limited by production, an example being the 1.25 million Tesla Cybertruck pre-orders, with production now delayed until 2022 due to battery shortages. Tesla Semi is another example.

The lithium-ion battery shortages are being caused by a lack of new production capacity, but even worse is the shortage of EV battery metals. I say even worse as it usually takes 5-10+ years for a new EV metals mine to make it to production, compared to only 2 years for a battery or car factory. This means that this decade the choke point for EV supply is expected to be the battery metals.

In June 2021, the International Energy Agency (IEA) announced forecasts for 2020 to 2040 total demand increases of **lithium 13x to 42x, graphite 8x to 25x, cobalt 6x to 21x, nickel 7x to 19x, manganese 3x to 8x, rare earths 3x to 7x, and copper 2x to 3x**.

These types of numbers are unprecedented and will be an enormous challenge for the mining industry to bring on adequate supply.

IEA forecast for clean energy metals 2020 to 2040

Source: International Energy Agency 2021 report

On July 1 Reuters reported:

"Shortages flagged for EV materials lithium and cobalt…..High lithium prices have failed to spur investment in new capacity due to lower long-term contract prices, while the problem for cobalt supply is that it is mainly a byproduct of copper, meaning investment decisions are based on copper prices……BMI's George Miller forecasts a LCE deficit of 25,000 tonnes this year and expects to see acute deficits from 2022. "Unless we see significant and imminent investment into large, commercially viable lithium deposits, these shortages will extend out to the end of the decade," Miller said……Analysts at Roskill forecast cobalt demand will rise to 270,000 tonnes by 2030 from 141,000 last year."

Investors are now catching on and a lithium miner's price surge has begun

A combination of greater investor awareness and rising EV metal prices is now resulting in sizable price movements for the miners, lithium being the prized example. Lithium prices have more than doubled from their lows and many lithium miner stock prices have gone 3-12x as a result.

Lithium miners stock prices have increased as much as 1,126% since May 2020

Source: Yahoo Finance

What should investors do now that EV metal miners stock prices are flying higher

New investors are now facing a conundrum – Do they buy now into stocks that have already risen dramatically or do they wait for a pullback? The answer will depend on an individual investor's tolerance for risk and their time frame for investing. My view is that it is still not too late as the EV and associated battery and EV metals boom should run for at least a decade or two as we still have a huge way to go before all new cars are electric. Here are some recent forecasts to help you decide:

- BloombergNEF Economic Transition Scenario: Passenger EV sales pa are projected to increase sharply, **rising from 3 million in 2020 to 66 million in 2040**.
- UBS: **By 2025, we think around 25% of new cars may be electrified. By 2030, the share may reach 60–70%.**
- Bank of America (BoA)**: EVs to represent 67% of total car market share by 2030**. EV batteries will reach a 'sold out' scenario in the next 5 years.
- Whitehouse: President Biden outlines target of **50% Electric Vehicle sales share in 2030**.
- EU: Proposes end to the internal combustion engine in 2035.

My view is that the UBS and BoA forecasts above will prove to be the better forecasts, and they align with my own forecast of 25% by end 2025 and 75% by end 2030. Ask yourself why anyone would want to buy a gasoline car after about 2023-25 when an electric car is the same price or cheaper, has 3x less running costs, and 5-10x less maintenance costs. Not to mention the better driving experience. History shows that when a new technology is better change happens exponentially.

Bloomberg’s forecast for passenger electric cars to 2040

Source: BloombergNEF Economic Transition Scenario

Closing remarks

Electric vehicles are now rapidly moving towards becoming mainstream. The choke point in supply will most likely be the EV metals. These can include any or all of **lithium, graphite, cobalt, nickel, manganese, rare earths, and copper.**

Given the demand surge ahead this decade it is still not too late to invest into the EV sector. At InvestorIntel we cover a wide range of EV metal miners and some EV related stocks, as you can see in our member’s area here.

Fasten your seat belt and be sure not to miss the biggest trend this decade!