

With the World Scrambling for Rare Earth, These Stocks Could Double, If Not Triple

Governments all over the world are moving toward electric vehicles, and renewables.

Many want far more electric vehicles on the road. In fact, here in the U.S., California, Gov. Newsom signed an executive order that will ban the sale of gas-powered passenger cars in the state starting in 2035. We're even moving towards a greener future with solar and wind.

However, for that to happen, many must also have reliable access to rare earth metals.

Unfortunately, many countries are running into a severe problem.

Nearly all rare earth comes from China, which has proven to be unstable. Worse, China has announced tougher regulations over the rare earth industry, from mining to exports.

"The new rules would give Beijing greater control over the supply of materials that have become vital for high-tech manufacturing around the world. China accounts for more than 60% of global rare-earth production, and its exports sank to a five-year low in 2020," as reported by Nikkei Asia.

In addition, according to Forbes, China is stockpiling rare earths and critical minerals for its own domestic use, as companies and governments face worldwide shortages due to new demand for electric vehicles.

In addition, analysts at UBS say electric vehicle demand could trigger a big increase in rare earth prices over the next few years, "especially for neodymium and praseodymium (commonly traded as NdPr) which could double from \$50/kilogram to \$100/kg by 2024.

That's part of the reason the U.S. – which relies on 80% of China for rare earth imports aggressively looking for other rare earth hot spots.

With the problem showing no signs of cooling, here are some of the top stocks to consider.

Rare Earth Stock No. 1 – Lynas Rare Earths Ltd. (LYSCF)

Lynas is the only producer of scale of separated rare earths outside of China and the second largest in the world. Our Rare Earths deposit in Mt Weld, Western Australia, is acknowledged as one of the highest grade Rare Earths mine in the world and we operate the world's largest single Rare Earths processing plant in Malaysia.

In addition, the U.S. Defense Department just awarded the company a \$30.4 million contract to boost domestic processing of light rare earth elements as part of an effort to become less dependent on China for critical technologies.

Rare Earth Stock No. 2 -- VanEck Vectors Rare Earth/Strategic Metals ETF (REMX)

One of the best ways to trade that potential opportunity is with the VanEck Vectors Rare Earth/Strategic Metals ETF, which targets an obscure part of the mining market -- rare earths metals. The fund is heavily invested in small- and micro-caps, and has significant exposure to emerging-market issuers--the firms you typically find producing cerium, manganese, titanium, and tungsten. REMX's narrow portfolio holds just a handful of names, selected and weighted by market cap. At just \$85, the ETF offers exposure to stocks such as Lynas Rare Earths Lithium Americas Corp., Ganfeng Lithium, Orocobre Ltd., and Galaxy Resources.

Rare Earth Stock No. 3 – MP Materials Corp. (MP)

MP Materials Corp. owns and operates Mountain Pass, which is a rare earth mining and processing site of scale in North America. The company engages in the mining and processing of rare earth

concentrates, including Neodymium and Praseodymium (NdPr) oxide, Lanthanum and cerium oxides, and carbonates.

Remember, with a dire need to secure rare earth outside of China, companies like MP Materials are racing to return to production in the U.S. In fact, its Mountain Pass mine is one of the largest producers of rare earth elements, and constitutes 15 percent of the world's production of the minerals, as noted by National Defense Magazine.