



# Best lithium dividend stock

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The future will be powered by lithium, a metal that is the key ingredient for making lightweight, power-dense batteries used in next-gen technology like electric vehicles, otherwise known as EVs. But as with all emerging technology, the road ahead is fraught with disruption--and due to the frenetic race to participate in this market coupled with recent EV adoption headwinds, lithium companies are suffering from a glut of supply and weak sales.

As with so many things, however, past performance is no guarantee of future returns. If the environment firms up for lithium stocks, the companies currently trading at rock-bottom prices could bounce back. Forbes Advisor has identified seven of the best lithium stocks available on the market today. These stocks all have seen volatility across the last year but remain the leading options for investing in this key commodity.

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As lithium prices have taken a step back over the last year, so have shares of Albemarle Corporation stock. That said, ALB remains the largest and perhaps the most prominent option for lithium investors as it boasts the biggest market value of any publicly traded stock in the U.S. with a focus on this battery metal.

It is also worth noting that Albemarle is one of the top holdings in several top lithium funds. For example, it commands a more than 9% allocation in the Global X Lithium and Battery Tech ETF (LIT), which boasts \$1.5 billion in assets at present. Therefore, if investors pile into exchange-traded funds, or ETFs, as a way to play lithium, ALB stock will see an outsized benefit from these capital flows.

On the heels of more aggressive production expansions in prior years, Albemarle announced in January it would be cutting back on capital expenditures to as little as \$1.6 billion in 2024, down from approximately \$2.1 billion last year. Given the current environment, this is a responsible move, but it also proves ALB is investing in the future.

Chile is well-known around the world for its mineral riches. Sociedad Química y Minera de Chile--commonly known as SQM or Soquimich--is at the center of the South American country's mining industry. It is also one of the largest lithium producers in the world.

The company has recently been a government target because of its scale, with officials posturing last year and saying they would nationalize the lithium industry in Chile. Generally, government ownership is a double-edged sword, as it comes with the increased risk of political meddling. However, SQM has managed to

navigate these waters with reasonable success.

Case in point: in December, it managed to tighten its grip on the region's lithium output by ceding partial control of one of its key lithium sites in exchange for increased permissible production of 300,000 metric tons. There is always a high degree of uncertainty when a government gets involved in private enterprises like SQM. But if the company can continue to navigate this public-sector intervention in the lithium industry, then it may ultimately tighten its grip on production--with a government backstop to boot.

Mid-sized stock Mineral Resources Limited is a global materials company headquartered in Australia. Its portfolio includes iron ore mining and logistics services in addition to robust lithium output. This diversification provides a unique benefit for MALRY when compared with its peers, both because it has a longer history of operation and because it has alternative revenue streams to see it through the current volatility in lithium prices.

Mineral Resources is not standing still, however. Its Bald Hill lithium mine is particularly noteworthy, given its annual production capacity of roughly 150,000 tons. Additionally, the company invested \$260 million in the property to seize 100% ownership of the site at the end of last year.

In the United States, Mineral Resources is another stock that is thinly traded via an over-the-counter, or OTC, listing. That means liquidity is much lower for this stock, with an average volume of only about 2,000 shares traded each day, so investors should place their orders with care.

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