



This Beverage Maker Isn't Sold on Cannabis Just Yet

Description

It seems that companies everywhere are jumping on the cannabis bandwagon, so when one when someone doesn't share that same optimism, it catches people off guard. That's what happened on Tuesday when **PepsiCo, Inc.** ([NASDAQ:PEP](#)) poured cold water on the idea of getting involved with a cannabis company.

The beverage maker released its earnings, and CFO Hugh Johnston stated that the legality of cannabis was a big obstacle, and that "we look at everything, but certainly no plans at this point to do anything."

Lots of interest in cannabis-infused beverages thus far

Those words shook the cannabis industry, as we saw **Canopy Growth Corp** ([TSX:WEED](#)) (NYSE:CGC) drop 6% on the day, and **Aurora Cannabis Inc** ([TSX:ACB](#)) also declined by 4%. Other pot stocks were also down, as Pepsi's reluctance to announce a desire to get involved in the industry likely reminded investors that while many people out there are bullish on cannabis, not everyone is embracing it just yet.

Now, it could be that down the road Pepsi does get involved in the industry, but it is taking the cautious route for the time being. After all, with a lot of red tape in the industry and a lot of potential problems, it may very well be taking the smart approach.

Canopy Growth has already secured a big partner in **Constellation Brands, Inc.**, and the company behind the popular Corona brand may even end up with a [majority ownership](#) of the pot stock. Aurora, meanwhile, is reportedly in talks with [Pepsi's rival](#), **Coca-Cola**, although nothing has been officially announced. There have also been rumours that Diageo was looking to find a partner in the cannabis industry as well.

It therefore comes as a big surprise that amid all these companies expressing interest that there would be one that isn't absolutely in love with the idea of cannabis-infused beverages and wanting to produce them as soon as possible. If nothing else, it offers cannabis investors a sobering reminder that not everyone will be on board, and that there will still be hurdles for the industry.

Why does this matter?

What should alarm investors is how fickle pot stocks are and how reactive their prices are to any news. Even though the news that Pepsi didn't have plans to get involved with cannabis had little to no impact on Canopy Growth or Aurora, it still managed to send the stocks down in price. And therein lies the big danger of investing in pot stocks: their values will fluctuate wildly, even as a result of unrelated news events.

If anything, this should have been seen as a positive for investors of Aurora and Canopy Growth, as it would mean less competition and a big name company potentially out of the mix to hook up with one of its rivals.

Instead, the mere suggestion that the industry isn't the greatest thing since sliced bread is enough to have some investors second-guessing their investments and wondering whether or not the hype and growth prospects will actually be realized.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
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