

2 Top Pot Stocks to Buy for 2019

Description

The bubble hasn't popped for the cannabis industry, at least not yet. After all, it's impossible for us to have seen the peak when a big segment of the industry hasn't even been legalized. Edible marijuana is expected to be legalized within a year of recreational pot, and so by October of 2019 we could see a much different form of cannabis hit the market.

It's been popular in the U.S. and there's no reason to think it wouldn't be in Canada either.

Below are two pot stocks that have been struggling lately but are well-positioned to take advantage of this new segment that investors may want to consider loading up on today.

Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC) has been in the game early as it locked up a deal with **Constellation Brands, Inc.** over a year ago to work on cannabis-infused beverages. The brewer behind the popular Corona brand recently [increased its investment](#) in Canopy Growth and could even end up being the majority owner of the company.

This will give Canopy Growth the opportunity to take advantage of Constellation's knowledge and expertise in the beverages segment and will certainly help it to gain an advantage over its peers that are looking to produce drinks as well. While the edibles market is much bigger than just beverages, it's an area that cannabis companies will likely need some help in as the process is more complex than, for example, including cannabis into a cookie recipe.

There's a lot of potential in this part of the market, which is why investors were so excited about the Canopy Growth-Constellation deal. While some of that excitement has clearly worn off, once we see an actual end product developed by these two companies, I'd expect it'll inject some more life into the stock once again.

In the past three months, Canopy Growth has declined by more than 40% after reaching highs of more than \$76 a share. A big [earnings miss](#) certainly didn't help the stock's prospects, but it may be a bit early to push the panic button just yet. In its next report, we'll see just how well the company is doing post-legalization.

Hexo Corp ([TSX:HEXO](#)) is another stock that has a deal in place with a big brewer. **Molson Coors Canada** linked up with Hexo earlier this year as the two companies will also look to develop infused beverages together. While the deal may not be as large as the one between Canopy Growth and Constellation, it's still one of the few such deals we've seen thus far.

Ultimately, the sooner companies develop beverages, the better off they'll be, as it will take some time not only to sort out the taste and flavour, but also packaging and distribution.

Like Canopy Growth, Hexo stock has also struggled recently. Last week, the stock closed at \$4.31, its lowest since August. In three months, its share price has been cut in half as the hype surrounding beverages has started to fall off significantly. However, a promising 2019 could change all that and is

why the stock could be a great buy today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:HEXO (HEXO Corp.)
3. TSX:WEED (Canopy Growth)

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djagielski

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