



These 2 Canadian Pot Stocks Are Soaring!

Description

Watching the share prices of legal Canadian marijuana has become something of a pastime in its own right, with every new development in the weed stock space making waves that are interesting to watch – interesting if you're not invested, that is. If you are, it's downright nerve-wracking. Shareholders still sticking their necks out for upside have been riding a pretty wild train these last few months, to say the least.

The following two stocks have seen considerably high gains over the last five days at the time of writing, thereby exceeding the movement experienced by some of their peers. While some commentators seem to agree that the pot bubble pretty much burst with legalization, the type of gains that the following stocks are continuing to enjoy make it seem as though the legal marijuana boom is still rumbling.

HEXO ([TSX:HEXO](#))

Pot stocks aren't really the place to start looking for strong track records – at least not yet. Still, it can be instructive to take a look through the data anyway, especially for weed stocks that operate in the healthcare space. [HEXO](#)'s one-year past earnings contraction by 146.2%, compared to Canadian pharma's growth by 72% for the same period, is interesting to see; it also trails its own five-year average past earnings contraction of 68.2%.

While this is a seemingly healthy stock with no debt, there has been somewhat more insider selling than buying of HEXO shares in the last six months, while decidedly dodgy valuation is illustrated by three key metrics: a negative P/E ratio, a high P/B of 3.1 times book, and a share price that's overvalued today by almost three times the future cash flow value.

However, two things make this stock remarkable: a 54.1% expected annual growth in earnings, which is suitably high for the TSX index, and the momentum-investor friendly gains of 35.24% that have stacked up in the last five days at the time of writing. With a beta of 2.21 relative to the pharmaceuticals industry indicating high volatility, this is one to ride for the upside.

Mean, green, and surprisingly lean

If you are looking for attractively valued pot stocks on the TSX, you've probably come to the wrong industry. However, some marijuana stocks are definitely better valued than others. Consider **VIVO Cannabis** (TSXV:VIVO), which is actually trading at a discount.

This cannabis stock gained 22.54% in the last five days at the time of writing with some pretty good valuation in terms of assets and a low P/B ratio of 1.1 times book. Though it's seen a one-year past earnings shrinkage by 30.9%, analysts are expecting 101.7% annual growth in earnings over the next one to three years. With a share price discounted by 50% compared to future cash flow value, [VIVO Cannabis](#) is one of the most down-to-earth pot stocks on the TSX.

The bottom line

Anyone looking to make money with Canadian pot stocks should sit up and take notice of the gains the two tickers listed above have enjoyed in the last five days. While investing in Canada has traditionally stuck to the tried and tested roll call of bankers, utilities, miners, and oil companies, the green revolution may well stand the test of time if stocks like VIVO Cannabis and HEXO continue to reward shareholders with the promise of capital gains.

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