



2 Wine and Beer Stocks to Stash in Your Portfolio This Year

Description

The legalization of recreational cannabis was celebrated by many consumers in October 2018, but some early studies suggested that the alcohol industry may have something to fear going forward. The data for U.S. states with legalized recreational cannabis showed that alcohol consumption had weakened due to the presence of legal cannabis.

In October I'd discussed why millennials will be a [crucial demographic](#) in determining how this relationship will shake out going forward. Alcohol consumption has steadily declined among younger demographics, while cannabis consumption is on the uptrend, which means that investors should be strategic in how they choose to invest in the alcohol industry.

Today we'll look at two companies that hope to flourish under these new conditions. Both are worthy of consideration for your portfolio in 2019. Let's examine why.

Andrew Peller ([TSX:ADW.A](#))

Andrew Peller stock has climbed 5.4% in 2019 as of close on January 17, and shares are still down 8.6% year over year. The wine industry has experienced impressive growth in Canada and around the globe in this decade. Younger demographics have increasingly moved to wine as their alcoholic beverage of choice.

Canada's wine industry generated revenues of \$1.2 billion in 2016. Andrew Peller has sought to expand its premium offerings and has met with success early on. In the second quarter of fiscal 2019, the company reported that sales were up 10.2% year-to-date largely due to a strong performance in this segment. It aims to focus on higher-margin premium products to drive growth in 2019 and beyond.

The wine industry is also expected to be mostly shielded from the negative impacts of cannabis consumption on alcohol purchases. Andrew Peller stock has soared 109% over the past three years. Positive trends in this industry and its strong footprint in Canada will drive growth into the 2020s.

Brick Brewing (TSX:BRB)

Brick Brewing stock has surged 21% in 2019 so far. The stock is still down 16% year over year. Brick Brewing was on a troubling downtrend extending back to early 2018 before the company made a big announcement in December.

[Following in the footsteps of other beer companies](#), Brick Brewing announced its intention to start making cannabis-infused beverage late this year. The company will partner with Cannabis Compliance Inc., an Ontario-based consulting firm, to secure licenses for research and processing cannabis-infused teas, flavoured waters, and non-alcoholic beers. The research license is expected in May 2019.

In its announcement, Brick Brewing CEO George Croft admitted that the beer market is “mature to slightly declining,” which adds to the urgency of companies like Brick Brewing to expand into the fledgling cannabis industry. The company already produces Mott’s Clamato Caesar for the Canadian market for the Dr Pepper Snapple Group. Croft called the foray into cannabis-infused beverages “a natural extension.”

The move to cannabis is a promising step forward for Brick Brewing, and in the first nine months of 2018 the company saw revenue rise to \$41.3 million over \$39.1 million in the prior year. Investors may want to wait for a pullback as its shares just fell out of overbought territory at an RSI of 62.

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