



3 Marijuana Stocks Wall Street Thinks You Should Buy

Description

Marijuana stocks aren't exactly institutional investor favourites. With the vast majority of them being owned by retail traders, they're real "small time investor" staples. That doesn't necessarily mean that smart money is against them, though.

Many of Canada's top marijuana stocks enjoy favourable analysts' ratings, and some of those have target prices that are far higher than their current prices. The following are just three of the marijuana stocks that analysts believe have a good chance of going up.

Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC)

As the largest company in the industry by both revenue and market cap, Canopy Growth Corp is the undisputed king of the cannabis industry. In its most recent quarter, Canopy brought in [\\$97 million in earnings](#), which represents growth of 350% year over year.

That's a truly impressive growth rate, and with it, the company has earned the favour of analysts. According to the *Wall Street Journal*, which tracks 14 Canopy analysts, the average target price for the stock is \$72–28% higher than the stock's current price.

Aphria Inc ([TSX:APHA](#))(NYSE:APHA)

Aphria Inc is one of Canada's most notorious marijuana stocks, having been rocked by scandals over the past several months. In the days when short attacks, lawsuits and hostile takeover attempts plagued the company, it hardly looked like a buy. Now, however, it seems this company has the worst behind it.

In its most recent quarter, Aphria grew its revenue by 154% and its earnings by an astounding 750%. Much like its competitors, the company benefited from legal recreational cannabis sales in the quarter. This growth spurt was expected, however, and the results actually missed analysts' expectations.

Nevertheless, analysts still like Aphria enough to give it a strong rating: of the 11 analysts who follow the stock, most rate it a buy, with an average target price of \$16—significantly higher than its current price.

Aurora Cannabis Inc ([TSX:ACB](#))(NYSE:ACB)

Aurora Cannabis has been all over the news lately. Between hiring a billionaire advisor, rolling out a new retail plan and rising 35% year-to-date, it's been a hard one not to notice. Aurora cannabis is one of the fastest-growing marijuana stocks out there, growing its top-line revenue by [430% year-over-year](#) in its most recent quarter.

That's very impressive sales growth, although it's worth mentioning that the company swung back to a net loss in the same quarter, after pumping out profits the quarter before that.

Apparently, Aurora's frothy revenue growth is earning it some friends in the financial services sector. According to the *Wall Street Journal*, the consensus target price among 11 analysts who track the stock is \$13.30, well ahead of its current \$12 price tag. This price target would give Aurora the least upside of the three stocks on the list; however, it shouldn't be taken as gospel. Aurora has been growing its sales more than any other cannabis company lately, and if it keeps it up without drowning in costs, it could be a winner.

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