



Marijuana and Beer: How Hexo Corp. (TSX:HEXO) and Molson Coors Canada Inc. (TSX:TPX.B) Are the Perfect Couple

Description

Investors in the cannabis industry are getting used to the falling prices of weed stocks. While the buying opportunity is there, the impetus to purchase is absent due to the headwinds the sector is facing. The apprehension is widespread that no stock stands out to actually present a significant upside in the near future.

But among all the weed stocks, it is **Hexo** ([TSX:HEXO](#)) that has the potential to outperform and earn the first-mover advantage. However, investors should also consider beer maker **Molson Coors Canada** ([TSX:TPX.B](#))([NYSE:TAP](#)) in tandem with the former to form a formidable stock combo.

Hexo is gaining strength

Hexo has gone through extreme highs and lows much like industry peers but has returned to the high level of \$9 last month. On a year-to-date basis, the stock is now up now +91.3%. March was a relatively strong month, and starting the second quarter with a +2.04% gain to \$9.01 means an auspicious performance lies ahead.

Prospective investors in this space would probably pick the stock for price consideration. Hexo is significantly cheaper when compared to **Canopy Growth**, **Cronos Group**, and **Aurora Cannabis**.

Production wise, Hexo's capacity might not be too far off from the bigger rivals. The company also has the lowest wage rates, which translate to lower production costs. But a solid advantage is the supply arrangement with the Quebec Cannabis authority. The next big move is venturing into new and lucrative product areas.

Enter Molson Coors

People should keep in mind that Hexo has a joint venture with Molson Coors. Truss, the standalone company formed out of the collaboration, is about to come into the picture. It will be the money spinner

for both stocks.

The [non-alcoholic, cannabis-infused beverage market](#) is expected to be huge in Canada. Sometime this year, consumable cannabis could be legalized. Once it happens, the fusion of Canada's leading brewer with the cannabis sector's innovator will result to steady cash flow.

Molson Coors owns 57.5% of the joint venture with Hexo. The company knows that the marijuana market will affect the sales of alcohol makers. Thus, the move is a fallback in case beer sales continue to decline. There is no choice but to fast track the development and production of non-alcoholic, cannabis-infused beverages.

Pending the sale of cannabis-infused beverages, Molson Coors is making headlines. The low-calorie and low-carb Molson 67 beer will be introduced in the U.S. market. The digital and social media promotional campaigns are in full swing. Molson expects a wider acceptance of this unique, refreshing, and flavourful beer.

Market leaders in the new market

Molson Coors is up +6.63% year to date, but the stock is not as heavily traded as Hexo. However, there's so much room to grow for [North America's second-largest beer maker](#) and Hexo. Many might not agree with the fearless forecast that this partnership will assume market leadership in the new market., but it is very feasible.

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