



3 Cannabis Stocks to Add on the Dip

Description

In early February I warned investors about [valuations in the cannabis sector](#). A report from **Canadian Imperial Bank of Commerce** analysts had driven up the stock price of some key players in the industry, which had coincided with a broader upward trend for the **TSX Index**. Several of these top stocks have retreated since early-to-mid February. Does that mean it's worth jumping in right now?

Cronos Group ([TSX:CRON](#))([NASDAQ:CRON](#))

Cronos Group is a Toronto-based cannabis company. Shares have climbed 56.7% in 2019 as of close on April 11. The stock has surged 182% from the prior year.

The CIBC report touted Cronos Group as one of its forecasted winners in the global cannabis market scramble. It also touted **Canopy Growth** as a potential "titan" going forward. Cronos Group made a big splash after announcing its partnership with **Altria**, a U.S.-based producer and marketer of tobacco, cigarettes, and related products.

Cronos is moving quickly to expand its production, mirroring the push by its peers in the industry. Revenues jumped to \$5.6 million in the third quarter of fiscal 2019 compared to \$1.6 million in the prior year. The stock last had an RSI of 35 as of close on April 11, putting it close to oversold territory.

Green Organic Dutchman (TSX:TGOD)

The Green Organic Dutchman is a cannabinoid-based research and development company headquartered in Mississauga. Shares of Green Organic Dutchman have climbed 69.5% in 2019 as of close on April 11. The stock is up 7.2% from the prior year. Shares have more than halved since reaching an all-time high of \$10.24 in the early fall of 2018.

The company released its year-end results for 2018 on March 19. Green Organic Dutchman finished the year with over \$260 million in cash and restricted cash and announced revenues of \$1.9 million in Q4 2018. It announced that it had increased its planned annual production capacity to 219,000

kilograms as it has accelerated its construction spending at key locations.

Green Organic Dutchman is trading at the low end of its 52-week range. The stock last had an RSI of 44, which puts it in neutral territory. Value investors may want to wait on the sidelines and jump on a more favourable entry point for this volatile stock.

Village Farms International (TSX:VFF)([NASDAQ:VFF](#))

Village Farms is a British Columbia-based company that owns and operates greenhouse and agricultural facilities. Its foray into the cannabis sector sparked a surge for the stock as its boasts impressive infrastructure that will support quick expansion. Shares have soared over 290% in 2019 as of close on April 11.

In early March I'd warned investors [not to burn themselves](#) with this hot stock. Village Farms would go on to hit an all-time high of \$24.25 in mid-March, but shares have fallen in late March and early April. The stock is down 28% from its March high. Sales shrank year-over-year at Village Farms in 2018, but it has scored supply agreements with key partners, including the Ontario Cannabis Retail Corporation, which positions it for big growth going forward.

The stock had an RSI of 46 as of close on April 11. Shares were firmly in overbought territory from late January on through most of March. Village Farms has time to exhale, but its potential is still very encouraging and growth investors should think about picking out entry points this spring.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:CRON (Cronos Group)

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