



## 3 Top Marijuana Stocks to Follow

### Description

Marijuana stocks started strong this month but collectively dropped again as of this writing. Nonetheless, investors are still willing to [absorb losses for future gains](#). The potential earnings from this sector are simply too huge to be ignored. Cannabis companies are plugging in the loopholes to be on the road to profitability.

Three marijuana stocks are worth watching in May: **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB), **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), and **CannTrust Holdings** (TSX:TRST)(NYSE:CTST). They have the better chances to finally deliver tangible profits.

## The top producer is making waves

Aurora Cannabis reported strong sales growth based on its latest quarterly results. While the net loss is glaring, it's not enough to be pessimistic. The significant losses were attributed to the company's non-cash fair-value loss in convertible notes. Ironically, it resulted from the appreciation of the stock price.

Overall sales in the foreign markets are increasing, while production costs are gradually diminishing. But the absence of a partner puts the company at a disadvantage. Top-caliber activist investor Nelson Peltz was hired to forge partnerships with established companies not operating in the cannabis industry.

But the company's partnership strategy is a closely guarded secret for now. Peltz is busy with several initiatives. Further, the company is energetically increasing the current annual 150,000 kilograms production capacity.

At this stage, Aurora Cannabis is building investor confidence. It is ahead on the production aspect. Full disclosure of plans to penetrate the local and international markets will boost the stock.

## Hemp is the route to the U.S. market

While Aurora Cannabis is dead silent on its plans, Canopy is taking a different avenue to the lucrative U.S. market. The company is erecting a hemp production facility in New York. The objective is to produce hemp CBD products and build scale towards the end of 2019.

Unlike Aurora Cannabis, which is diluting shareholders, Canopy need not do so. The company has **Constellation Brands** for a partner; it is as determined to assume market dominance.

Canopy soared to almost \$70 in late April but is down to \$60. But analysts still maintain a high price target of \$100 in the coming months. Deals are being sealed left and right to cement its market position. That should propel the stock soon.

## The dark horse

CannTrust is the underdog but a worthy contender. The number of active registered medical marijuana clients increased by 14.7% to 68 million. Recreational sales, which comprise 33% of the company's [total revenue](#), also turned in significant growth.

The company has achieved operating profitability last quarter and assured investors to expect the same later this year. By year-end 2020, CannTrust's annual production capacity could be anywhere from 200,000 to 300,000 kilograms. The exponential production growth would translate to greater and sustained revenue.

Time flies fast. You don't want to miss the blistering price appreciation of these three weed stocks.

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2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
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