



From Legitimacy to IPOs: The Week in Cannabis Stocks

Description

What a week for Canadian cannabis investors! Riding this sector has been a regular rodeo the past couple of weeks, with disruption rife among pioneers of the “green gold rush.” From seasoned favourites to out-of-favour headline-hoggers, from environmentally minded veterans to exciting IPOs, this is what’s been going on in the country’s newest industry.

Legitimacy is the name of the game

One of the top stocks that got talked up during the marijuana boom, **CannTrust Holdings** (TSX:TRST)(NYSE:CTST) failed to live up to its name after Health Canada concluded that the cannabis producer had been running five growing rooms without a licence between October 2018 and March 2019. The news [decimated CannTrust’s share price and weighed on the sector](#), spooking investors in the green stuff.

Stocks like **HEXO** ([TSX:HEXO](#)) could sink or swim on the advent of Cannabis 2.0. This, of course, is the introduction of edibles into the legal market, which could provide a second wind for cannabis producers.

Offering upside to investors is still a cannabis grower’s number one route to profitability (outside of sales and partnerships, of course), and HEXO still has what it takes to be competitive in this space.

One thing that may put off new cannabis investors, though, might be leadership changes. HEXO co-founder, Adam Miron, will reportedly no longer serve as chief brand officer.

Miron will, however, keep his seat on the board of directors and stay on with HEXO’s Greek arm, HEXO MED.

Generally speaking, management changes aren’t good news right now, though this time the effect has been minimal: indeed, HEXO is up a couple of percentage points this week.

Speaking of management changes, **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) has seen share price

volatility after news broke that its top helmsman was out, casting a shadow over its deal with Acreage Holdings.

However, the co-op looks solid and remains one of the best reasons to stay invested in Canopy Growth. Again, the stock is up at the time of writing, with bullishness in the sector stubbornly remaining among its long-position fan base.

The cannabis IPOs you need to know about

A stock that is sure to find favour with momentum investors, **Avicanna** ([TSX:AVCN](#)) is already looking like a weed stock trader's dream. Could [new cannabis IPOs](#) like Avicanna provide the same kind of upside that rewarded brave investors in 2018?

It certainly looks that way, even if there are only 24 hours of data available: Having debuted on the TSX on Thursday at \$7.40 before dropping 8%, Avicanna stock has seen a one-day bounce to land positive 10.27% at the time of writing.

Another new IPO to watch will be **Breath of Life International**. All the way from Israel, Breath of Life boasts some jaw-dropping stats: An annual production capacity of over 850,000 kilograms provides the punching weight behind an expected \$150 million IPO, with shares set to debut at about \$30 a pop.

This will be one to watch for cannabis investors who missed the train last year and want to cash in big-time.

The bottom line

Cannabis remains a two-horse race – not in terms of stocks, but also in terms of strategy. Upside investors have clear advantages now to bet on the edibles market, while exciting new IPOs offer the kind of capital gains not seen witnessed since the days of pre-legalization.

Meanwhile, names like Canopy Growth and HEXO offer long-term plays in a potentially massive growth industry.

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