



2 Top Cannabis Stocks to Watch in August

Description

It's been a wild ride for cannabis investors so far this summer, and not like in the summer of 2018.

Whereas last year, there were the super highs from investors excited about the new industry, after several ups and downs, investors have become a lot more wary of where stocks are headed. With some cannabis stocks reporting profits and others severe losses, many are wondering where cannabis could be headed in the next month — especially as derivatives legalization comes ever closer.

Two stocks that investors now have a serious eye on are **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), so let's dig into where these two stocks could be headed for the remainder of the month.

Canopy

In case you hadn't heard already, Canopy provided some incredibly terrible numbers to its investors last week. The company reported a loss of \$1.28 billion, with Wall Street predicting somewhere around \$107 million. This surprise to investors sent the company down about 15% after the news broke, and the stock is still headed in a downward spiral.

Yet some are already digging into the results and finding a silver lining. First of all, the major loss came from the company's partnership with **Constellation Brands**. The same company that gave Canopy US\$4 billion recently extinguished warrants worth \$1.18 billion [held by Constellation](#). This brings Canopy's loss to about \$105 million, which is actually less than what Wall Street predicted.

Of course, the rest of the earnings report wasn't exactly positive, but it wasn't terrible either. In fact, Canopy had a record harvest, producing more than any other cannabis company. The company will hopefully cut back on spending, and in the meantime focus on the potential to become a derivatives powerhouse. While Canopy still has about \$3.1 billion of cash on hand, the company will really have to start proving it can bring in cash if it wants to bring back investors. Management remains positive that it will reach \$1 billion in revenue by the end of 2020, with profit in the next three to five years.

So, why watch it in August? As the dust settles, I believe investors will realize quickly this stock is a bargain. So, it might be time to buy it up before the next wave hits.

Hexo

Another company worth keeping an eye on is Hexo — a cannabis company that could soon make some serious announcements ahead of the derivatives market introduction to Canada. The company recently announced its dried flower cannabis products are now available to Ontario customers, which should give its earnings a boost from Canada's most populated province.

But what has analysts really excited is the company's partnership with **Molson Coors** and **Newstrike Brands**, as the company could come out as a leader in the [consumable and vape industries](#) — two areas that could prove incredibly lucrative.

However, Hexo also suffered from poor results recently, as the company only reported a slight increase in revenue. While production doubled, the stock still suffered a loss of \$1.9 million.

Why watch it in August? Hexo should deliver its next earnings report on Sept. 12, 2019. Analysts and investors alike will be looking out for some good news, good revenues, and hopefully some good announcements ahead of edibles legalization.

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1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis
2. Editor's Choice

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Author

alegatewolfe

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