



2 Great Cannabis Stocks for New Investors

Description

Two interconnected cannabis stocks are currently hot investments. But which stock should new investors buy for capitals gains? Let's take a quick look at **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and spin-off company **Canopy Rivers** ([TSX:RIV](#)) to see which one belongs in a starter Canadian cannabis stock portfolio today.

The future “Coca Cola” of cannabis?

Canopy Growth is still one of the major contenders for a new investor's cannabis portfolio, with deep value being heralded by pundits. However, whether the stock has bottomed out and whether it will rebound to the kinds of prices seen last year is hotly contested. What is for certain, though, is that the stock is a [comparatively safe play](#) in an extremely competitive new field.

Canopy Rivers just got bumped up a notch, meanwhile, joining the TSX September 9. Its CEO, Narbe Alexandrian, said in a statement: “We are proud to join a class of issuers that includes many reputable domestic and international companies. We believe that graduating to the TSX will improve awareness about Canopy Rivers and enhance liquidity for our shareholders and other market participants.”

It certainly won't do any harm. The stock was up by single figures by the end of the week, while, at the time of writing, Canopy Growth has itself shot up by 11% in its last five days of trading. This is a positive development and continues a trend of rallying pot stocks, despite a turbulent outlook in the markets.

A massive market means massive upside

The potential for growth in the American cannabis market is quantifiably huge. The U.S. smoked and gobbled its way through almost \$10 billion worth of the green stuff last year.

In terms of hemp consumption, **New Frontier Data's Hemp Business Journal** valued the U.S. market for hemp derivatives at \$390 million for the same period. The journal has further estimated that the

cannabis market could grow 21% annually until 2021, ending up as a \$23 billion industry.

Able to pick and choose assets and partners as a venture capital firm, Canopy Rivers is [a tempting play with a maneuverable business model](#).

A big breakthrough recently came from one of its portfolio companies, Herbert Works. The THC-infused functional food and beverage company just got handed its research and development licence from Health Canada and can now go ahead with developing cannabis beverages.

Alexandrian was on hand to explain why the Herbert Works development couldn't come at a better time:

"It's a timely achievement, as the next wave of cannabis legalization in Canada will unlock these new product offerings in a matter of months. We believe that Herbert Works is in a prime position to capitalize on the growth opportunities that 'Cannabis 2.0' presents for consumers that are eager to try cannabis in different formats."

The bottom line

Either stock described above looks like as solid a play as any in the legal cannabis space, especially if a long position in an eventual heavyweight suits a beginner's investment strategy. Either stock is still able to surprise and reward with sudden upside, though the capital gains could potentially be much greater in the long run once the legal marijuana market stabilizes.

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1. Cannabis Stocks
2. Investing
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1. Cannabis
2. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

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Date

2025/08/25

Date Created

2019/09/13

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vhetherington

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