Netflix (NASDAQ:NFLX) and Chill: 2 Tasty Dips to Snap Up

Description

In a lot of ways, content streaming and legal cannabis are quite similar at the moment. Both industries are in flux, and both can boast strong brands with positive momentum. They're also both suffering on their respective stock markets at present, offering contrarian investors upside potential from bouncing share prices.

Let's take a look at an unusual pairing that fits the bill.

A top tech stock to watch for the bottom

Expect a continued dip for the king of the content streamers. Down +8% this week, **Netflix** (NASDAQ:NFLX) is taking a pummeling not only on the NASDAQ but also in the headlines. Indeed, any successes on the part of its A-list competitors over the next few months is likely to knock even more value off the FAANG-bloc favourite. So, why is a contrarian buy?

Well, two things are really at play here. First of all, Netflix stock has arguably been too expensive compared with other entertainment tickers, and investors are now punishing it. The knife has started falling, and may continue to do so until the content streaming industry settles. However, once Netflix bottoms out, which could be sooner rather than later, it's going to look like a solid gold buy.

Secondly, it's got a lot of stiff competition coming its way. Investors of a tech bent are starting to get nervous, sensing an extended sell-off on the way. And since Netflix is pitched against upcoming streaming challenges from high-calibre companies, investor sentiment is likely to stay bearish.

However, once the industry realizes that Netflix is stronger than it looks, the streaming stock could bounce hard.

The cannabis dip contains some appetizing morsels

Cannabis investors: if you haven't marked October 17 in your diary yet, go do it now. This is the date when Canada will legalize a new round of cannabis product types, including edibles, topicals, drinks, and vapes.

A few cannabis companies were down in the dumps this week amid a vaping comedown, but some of the bargain-basement tickers are fresher than others. **Aphria** was looking solid as a market-share-capturing cannabis hero before ditching over 9% on vaping woes.

Meanwhile, **HEXO** (TSX:HEXO)(NYSE:HEXO) is a potent play in the legal weed space and is currently being rewarded by investors. Never mind its summer third-quarter slip, HEXO is on the up, with its sights set on the American CBD market. In fact, while you've got your calendar open, jot down October 29, the date HEXO releases its fourth-quarter results.

Up by a few percentage points, HEXO is one of the few cannabis stocks to have come out of last week with positive movement in its share price. Of course, HEXO will have its own watershed period this winter when cannabis-infused drinks produced in partnership with **Molson Coors** will hit the shelves.

The bottom line

HEXO is looking like a top play in the ailing cannabis space at the moment, with less exposure to the vaping controversy than its peers. Netflix is also looking tempting and could bounce back once consumers have tried out the alternatives.

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