



These 2 Sectors Are Bouncing Amid Market Turbulence

Description

The combined effects of Cannabis 2.0, the announcement of the TSX 30, and an increasingly tense political and economic situation south of the border this week are seeing some gold and weed stocks bouncing. Let's take a look at a few of the stocks that saw some movement yesterday.

What gained midweek in the weed space

Canopy Growth bounced this week, despite bearish noises from some pundits. **Aphria** was also up midweek, and while **Village Farms** ended up negative by 6% after a wild few days on the markets, the stock has seen meteoric growth in its share price this year overall and was recovering by close of play yesterday.

Village Farms's [well-documented ascendance](#) might have exacerbated its sell-off this week, however, after the veggie grower nabbed the number three spot in the inaugural TSX 30 initiative. In fact, the new program, designed to showcase the top 30 best-performing companies in term of share price, may have had a mixed effect on weed stocks by pinpointing which cannabis companies were ripe for harvesting.

Canopy Growth also took a hit, entering the middle of the week negative by 10.28% but managing to bounce back somewhat by close of play Wednesday. The cannabis frontrunner topped the TSX 30 list — a fact likely both contributed to the pre-existing sell-off in one camp while encouraging another camp of investors to reappraise the sector as a major driving force of the TSX over the last three years.

Gold stocks also climbed Wednesday

Kirkland Lake Gold also made the cut, recognized for its 605% appreciation in the last three years. Another midweek bouncer, Kirkland's number four spot on the TSX 30 didn't stop the popular gold miner taking an overall five-day loss of a couple of points. However, it more than recovered its losses by close of play Wednesday. **Barrick Gold** and **Newmont Goldcorp** also joined the gradual recovery.

So, what is it about these two areas of investment that has lent some immunity to one of the grimmest weeks on the TSX so far this year? In the case of gold, it's a textbook explanation: [spooked investors are flocking to gold](#) amid an increasingly uncertain North American political and economic backdrop.

Meanwhile, in the case of the green stuff, investors seem largely bullish in anticipation of Cannabis 2.0 later in the month, and the potential for recreational and medicinal marijuana to prove to be all-weather sectors, as well as the ongoing promise of steep capital appreciation.

Indeed, analysts are still revising just how much the combined North American cannabis might be worth in the long run. The bearish minimum is around \$5 billion, while the most bullish calls are over \$100 billion. Even splitting the difference makes for incredibly high growth, meaning that the potentially recession-resistant twin marijuana industries of recreational use and pharmaceuticals could mean big wins for investors.

The bottom line

The combination of added uncertainty in the markets this week amid a grim global economic outlook and ratcheting political tensions south of the border. Gold could rally depending on new developments in the U.S., while cannabis stocks should continue to rise if investors remain bullish on growth in a stabilizing legal market.

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Date

2025/08/25

Date Created

2019/10/03

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