



2 Key Stocks to Watch in the Cannabis Stock Race This Winter

Description

HEXO ([TSX:HEXO](#))(NYSE:HEXO) has been alarming investors of late with no end in sight to the bloodshed. The stock has lost another 13% this week after a disastrous run, with the latest news being its postponed Q4 – now expected October 28.

The news may be mitigated, however, by the launch of a new low-cost brand, Original Stash, meant to counter the black market by adopting a market penetration model.

HEXO stock is a play on value, but watch for the bottom

HEXO's trouble arguably started with ambitious sales targets which gave investors the munchies for high-growth shares.

The company [also lost its CFO](#) in a move that shocked the markets, followed in quick succession by a withdrawn 2020 outlook and most recently a staff cut. And while a new sales strategy has emerged, there is little information about how it will work as yet.

CEO Sebastien St-Louis said of the new approach, "Our aim with Original Stash is to disrupt the illicit market, educate consumers about the value of a regulated and tested product, and drive them to purchase their cannabis legally.

We're now competing directly with the illicit market and providing consumers with an affordable, controlled, quality product."

Investors will be looking for some good news in the next few days. While a new approach to tackling the black market is welcome, and could do well in the long-run given HEXO's brand-focused strategy, its full-year results will determine how the stock performs over the year's final quarter.

A stock to buy for international growth

While it's been said that medical marijuana doesn't carry the same kind of high-flying opportunity that recreational weed commands, any growth in [the decidedly mixed cannabis space](#) at the moment is more than welcome.

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) bounced by 2% earlier this week on the news that its medical marijuana side of business just got a boost across the pond. The stock finished up by almost 4% for the week.

All eyes were on Spectrum Therapeutics earlier in the week as its U.K. pharma segment got a shot in the arm from the Medicines and Healthcare Products Regulatory Agency (MHRA).

New licenses will allow Spectrum to stock and ship cannabis-based medicinal products as well as bring them in from other destinations in the E.U. and beyond. For international momentum, Canopy is a moderate play.

Contrast this with the extreme doubt with which investors view the wobbling HEXO. The headline-peppered runner-up in the cannabis race ditched 13% this week, making for a fairly comprehensive vote of no confidence just days ahead of HEXO's much awaited full-year summary.

Switching from a skimming to a penetration sales strategy before spilling its guts may in fact shake out to be a smart move.

The bottom line

The delay in HEXO's earnings report is just the latest in a string of worrisome developments for the once high-flying pot stock.

Newcomers to the space should wait and see what happens before considering an investment here, as the knife has likely not stopped falling yet.

Meanwhile, cannabis investors bullish on international developments in the medical marijuana space have a strong option with Canopy.

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2. NASDAQ:HEXO (HEXO Corp.)
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vhetherington

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