



Which of These 2 Cannabis Stocks Should You Buy Today?

Description

Cannabis stocks can be fickle, and this week is showing just how fickle they can be. After a [major pot stock lurch](#) compounded by a short period that witnessed the **CannTrust** episode, a vaping health crisis, **HEXO's** ([TSX:HEXO](#))(NYSE:HEXO) revised outlook, and a number of other critical headwinds, the cannabis sector is still not back on track. However, here are two key cannabis stocks to watch this winter for capital gains in the volatile new industry.

The outperforming play on hydroponics expertise

It's probably no secret by now that cannabis dominated the TSX 30, the inaugural showcase of Canada's best-performing stocks by share price over the last three years. **Village Farms** (TSX:VFF)([NASDAQ:VFF](#)) won bronze, beating established leaders laden with upside to land third place. In just 36 months the vegetable grower racked up a significant 868% share price appreciation.

Village Farms is one of the top pot stocks to keep an eye on. It brings a high level of hydroponic expertise to the table as well as world-class greenhouses designed to support high-intensity farming. Once known predominantly for its premium produce such as cucumbers, tomatoes, and bell peppers, Village Farms has cannabis investors hooked and is a strong choice for long-term capital gains.

The brand-focused contrarian pick

While share price may not be everything, the fluctuations in cannabis stocks over the last few days show that the market isn't exactly sure how to proceed. The playing field is also far from even, with some stocks being favoured by investors while others continue to languish.

HEXO was still falling as late as Wednesday morning, down by more than 10% over its previous five days of trading. However, it started to bounce by midday Wednesday, gaining 4.44% in just a few hours of trading. The rally, shallow though it may be, continued into Thursday, with the stock overall positive in the last five days of trading.

Technically minded pundits may point out that HEXO remains overvalued. This situation is particularly egregious considering the performance of the stock over the last couple of quarters. Declining sales, loss of market share, high valuation ratios, and changes in management are less than ideal even in an established industry. In cannabis, they're even more discouraging.

While HEXO is a possible [buy for the long-term](#) based on its potential to pull in some strong sales figures for its range of product types and focus on branding, investors may want to wait and see how Cannabis 2.0 shakes out over the next few months. The edibles and infused beverages markets could prove to be HEXO's lifeline, but it's not a stock for steep short-term growth based on its official outlook.

The bottom line

Pitting Village Farms against HEXO may seem unfair given the past couple of months on the TSX. However, examining these two stocks next to each other throws greater contrast on their Buy (Village Farms) versus Sell (HEXO) signals. While HEXO could very well come back stronger after downsizing, Village Farms looks as healthy and robust as any cannabis stock and continues to exhibit growth.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:HEXO (HEXO Corp.)

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