



Going Long on Cannabis Stocks? Buy Village Farms (TSX:VFF) on Weakness

Description

At the start of the week, **Village Farms** (TSX:VFF)([NASDAQ:VFF](#)) was down by more than 7% as the cannabis earnings season continued to punish the sector. Earlier misses this season included big names such as **HEXO** and **Canopy Growth**. By Tuesday morning the situation was far worse, though, with more than a quarter of Village Farms' value wiped out.

However, for new cannabis investors, there's more than meet the eye when it comes to Village Farms. While its Q3 has the market spooked, it's not all doom and gloom with its spinoff cannabis outfit, Pure Sunfarms, demonstrating commendable financial performance.

Village Farms is a strong contrarian play right now

Value investors seeking steep long-term capital gains should bear in mind that the Canadian cannabis industry is still a multi-billion dollar cash cow waiting to be milked, with the potential to support about five big players.

While it's hard to say at the moment exactly who those players will be, Village Farms certainly has a shot at a top spot. Once better known for its high-quality vegetable produce, Village Farms is an especially strong play for its growing expertise and world-class greenhouses.

A lot of words get thrown around in conversations about Village Farms: Undervalued. Market leader. Hottest cannabis stock. Growth. They all ring true with this high-performance stock that's a [breakout contender for the cannabis crown](#).

Placing third in the TSX 30 of top performers on the TSX in the last three years, Village Farms has seen its share price rocket by 868% in that period.

Its greenhouses are state-of-the-art and the company is well known for its high intensity agricultural and hydroponics expertise. Indeed, even with this week's terrible performance thrown in, Village Farms has seen its share price climb 38% in the last 12 months.

It should be borne in mind that investors ditching their Village Farms shares don't have the company's strengths at heart. In terms of sales of product, in terms of production costs, and in terms of scale and overall balance sheet health,

Village Farms is doing surprisingly well given the low per-gram price of cannabis at the moment. It's also able to produce quality at scale, which that makes it a buy.

In short, this outperforming cannabis stocks still looks good for a long-term play and would suit a new cannabis investor looking for the widest possible profit margins.

Today's deep discount makes the potential future market leader a strong buy on weakness. Even though Village Farms had five-day losses of 20% as of Tuesday morning, it's still one of the [strongest contenders for long-term market dominance](#).

The bottom line

Wait for the knife to stop falling, but Village Farms is still a solid stock for long-range Canadian cannabis investing. With a huge stabilized market at the end of the current tunnel of low per-gram prices and lost momentum, marijuana investors will eventually reap the rewards of a long position – the trick is to back the right horse. And despite its performance this week, Village Farms is very much still in the race.

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