These 2 Growth Sectors Will Get Turned Upside Down in 2020

Description

Big-name NASDAQ stocks were the breakout growth success story of the last decade. Composed of a mix of social media, software and hardware, online shopping, content streaming, and search engine hegemony, the FAANGs were the last word in positive momentum.

However, the end of the decade saw that growth cut short, with the streaming wars plus privacy and digital security concerns spoiling the party.

Having shot up more than 4,000% in the decade just past, **Netflix** was undoubtedly the hottest U.S. growth stock of the 2009 to 2019 period.

Will Netflix retain the crown of the streaming platforms in 2020? That will ultimately depend on where subscribers, and creative talent, chose to go. There's also the outside chance of a takeover bid from **Apple**, which would be a major game changer in the media space.

While it's entirely possible that the FAANG gang will have to be broken up and redrawn in the early years of the Twenties to include **Microsoft** and drop **Facebook**, U.S. tech stocks nevertheless finished the year on a positive note, helping to buoy American markets at the last minute.

A takeover from another major player would certainly shake up the streaming space. However, subscriptions could extend beyond streamers: Up 34% in the last month, **Cineplex** broke all expectations when it shook hands on a deal with movie exhibition giant **Cineworld**.

The move would see Cineworld introduce subscriptions to North American theatres and become second only to industry leader **AMC**.

While biopharma somewhat fell out of favour in 2019, marijuana still has room to run, but the market is far from stable. The secret to cannabis stock growth is arguably in the recreational segment rather than the medicinal, with the latter industry already fairly stabilized.

While the recreational playing field is no less crowded, however, the market itself could be larger than for medicinal marijuana.

Headwinds include a restrictive retail outlet bottleneck, however, as well as the black and grey markets, uneven stateside legislation, an unproven legal market, packaging constraints arising from Health Canada concerns, and certain cross-border issues pertaining to legality.

There is also an oversupply risk dovetailing with an investor pool not entirely convinced of legitimacy, and even an air of dishonesty and lack of transparency (for example, the **CannTrust** debacle that rocked the sector last year), as well as health concerns arising from the vaping craze and a general lack of profitability in the sector. This could be a tough year to remain bullish, and sales will have to be strong.

FAANG stocks and marijuana were hot property in the last decade, but fell at the final hurdle. With the high momentum favourites of the NASDAQ getting a shake-up and cannabis cratering post-legalization, there could be potentially juicier sources of upside in 2020.

The bottom line

While media tech remains a key growth area, marijuana could fall further out of favour this year. Meanwhile, momentum investors will likely be piling into key base metals, with electric vehicle batteries and the green economy in general driving upside.

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