



Buy These Top Canadian Cannabis Stocks for Market Dominance

Description

Cannabis stocks are facing a year in which they will finally have to put their money where their mouths are. Investors will need to see profitability from the [full range of product types](#), and they will need to see it even before the retail environment is optimized.

While there is some bullishness that a relaxing of the retail stranglehold on cannabis sales will boost top lines this year, patience is wearing thin.

It's boom or bust for cannabis in 2020

Aphria (TSX:APHA)(NYSE:APHA) plummeted by 9% on the news that it had revised its fiscal outlook — hardly the kind of news that cannabis investors want to see at the moment. Q2 revenue was below the lowest estimate, and its revised outlook was significantly lower than previously expected. However, its EBITDA was positive for the third quarter running, and Aphria's share price quickly recouped its losses.

Slowing growth in Germany joined other tailwinds, including the sluggish Ontario retail rollout and hiccups in the vaping industry. The company is bullish on the latter half of 2020 and will be streamlining and clamping down on capital expenditures through sales of non-core assets while also looking forward to beefing up its top line.

Some cannabis have been seeing some insider buying of late, with **Sundial Growers**, **Nextleaf Solutions**, and **Trulieve Cannabis** displaying inner-circle confidence. One of the few large-cap cannabis stocks that managed to get through a terrible year for the sector, Trulieve belongs on a shrinking list of defensively massive cannabis producers, alongside such luminaries as **Canopy Growth**, **Cronos**, and **Curaleaf**.

Which cannabis stocks to stack in 2020?

Canopy is the number one stock by market cap — a fact that assures this breakout stock a place at the

table when it comes to the potential for eventual market dominance. In terms of production, it's up there in the top three and has wide geographical diversification, commanding a spread of 16 countries not including Canada itself.

With \$2.1 billion on hand, it's been said that Canopy could technically start again from scratch. However, the situation is unlikely to come to that, even with painful losses through 2019 and headwinds from both management changes and a hostile and strongly competitive cannabis environment. While some analysts may point to an uncertain future, Canopy is defensively large.

Meanwhile, with sales up 46% quarter on quarter, the issue isn't recreational users for top pot stock Aphria. However, it's up to bullish investors to wonder what kind of sales growth a [leading cannabis producer](#) of the calibre of Aphria could rustle up given a fully fledged retail environment to operate within. They may not have long to wonder, as the Ontario cannabis retail system is about to get an overhaul.

While some momentum-minded pundits are eyeing runaway growth in the U.S., Ontario could pull out all the stops this year, removing the bottleneck on the growing legal recreational marijuana sector. Aphria is one to watch in this space, with the acquisition of CC Pharma lending some defensive backbone. Aphria was up 8.7% midweek on average thanks to its positive Q2 sales breakthrough.

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