



The Cannabis Connection to Coronavirus

Description

That Canadians are stressed shouldn't come as much of a shock. After all, the COVID-19 crisis has sent stocks plummeting, one in three Canadians worry they won't make rent or mortgage payments, and thousands of people have lost their jobs. It's therefore little wonder that some Canadians have turned to cannabis for stress relief.

Canadians have flooded online cannabis retail sites to stock up, as things could get even more stressful should someone in the household contract COVID-19. Sales have soared by 80% to 100% in some cases since before the crisis, even as stores like **Canopy Growth Corp.**'s Tweed and 23 Tokyo Smoke close up brick-and-mortar stores.

Yet it isn't clear whether this recent news will see a significant impact on earnings. In fact, a few companies have even decided to push back earnings reports, such as **HEXO Corp.**

Virus delay

Hexo has already seen a significant drop in share price, much like the rest of the cannabis industry in the past year. The cannabis company has plummeted from around \$10.50 per share almost a year ago to where stands now, at \$1.15 as of writing. Needless to say, things haven't been going too smoothly for this cannabis producer.

COVID-19 can shoulder some of the blame, but not all of it. The company is like all the other cannabis producers right now, ensuring that its products are safe for its consumers. So while the focus is on safety for the moment, an earnings report will be pushed back for now.

But it's also not the first time Hexo has [delayed earnings reports](#), and recently it's also been because the company feared it wouldn't be displaying accurate numbers for investors. In fact, Hexo is also finding a new auditor, albeit the company hasn't supplied a reason for the change.

Not all bad for cannabis

If you put the delays and share price drop together, Hexo doesn't look like a great bet. After all, a low share price doesn't necessarily mean that share price can't go any lower. These signs could indicate that the cannabis company is poorly managed. However, as fellow [Fool writer Ryan Vanzo](#) stated, "Hexo has a few things going for it during this downturn."

Rather than focus on peak production, Hexo is working on its brand. The company partnered with **Molson Coors Beverage Co.**, the perfect pairing when it comes to boosting your brand name.

Hexo also focused on buying up already built projects such as research, growth facilities, and even distribution centres. The hard part's done — and Hexo can just reap the rewards.

Should you buy?

While a share price of about a dollar looks tempting, I would still wait until at least Hexo's earnings report before buying this stock. The company has plenty of hurdles to jump though before it can prove to investors that it's worth the buy. While a brand name and some acquisitions are a fine start, investors should see proof those purchases were worth it.

But who knows? With this latest uptick in Canadian cannabis sales, Hexo and other pot stocks could finally see that boost in sales each company has been dreaming of since October 2018.

CATEGORY

1. Cannabis Stocks
2. Coronavirus
3. Investing

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1. Cannabis

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