



Canadian Cannabis: 1 Sector Immune to the Stock Market Crash

Description

The past year has seen profound changes for Canadian cannabis stocks in general. The overall long-term consensus is that there's room for about four or five big names at the top — but which four or five they might be has changed repeatedly. Cash runways are now just as important as profitability to investors. The market has begun to mature, even if it hasn't exactly stabilized yet.

Canadian cannabis: the perfect industry for the “new normal?”

Imagine an industry that could beat the market crash — a brand-new industry, not yet regulated at the U.S. federal level. An outsider industry that could bring in revenue for every city in every state, an outperforming industry with proven popularity that could beat the market.

An industry that is simply waiting to be legalized stateside so that it can start generating taxable revenue. That industry exists: it's cannabis.

It's easy to look at pot stocks through the filter of the current public health crisis and see their losses as being symptomatic. However, Canadian cannabis stocks have [proved remarkably resilient](#) to the coronavirus market crash.

The **TSX Composite Index** is down 20% in the past month. But **Canopy Growth** is down 19.8%. Who would have thought that a pot stock could beat the TSX in a market crash?

Go long on market-disrupting cannabis stocks

Canadian cannabis has seen its headwinds. But they could be flipped around and turned into tailwinds by U.S. legalization. The growth would be phenomenal, and some of our biggest names are [already in position to capitalize](#).

Look at Canopy Growth with its Acreage Holdings deal and **Constellation Brands** leadership. Look at the CBD capabilities of **HEXO**, **Aphria**, **Cronos Group**, and more.

However, as cannabis investors will know, the past year hasn't been plain sailing even for popular Canadian cannabis stocks. **Village Farms**, for instance, fell out with joint venture Pure Sunfarms co-owner, **Emerald Health Therapeutics** over supply agreements.

The dispute was duly settled, though, with Village Farms eventually upping its majority stake in Pure Sunfarms to 57.4% during its fourth quarter.

However, no other cannabis stocks offer the same unique mix of safety and growth potential. Village Farms remains a world-class vegetable producer, and even produces some clean electricity.

With around 80% upside potential, the majority owner of Pure Sunfarms is a long-term buy. This quality cannabis name now commands a 13.5% market share in the dried flower space.

This popular Canadian cannabis name, operating out of British Columbia, is on track for huge upside. Its 13.5% market share for dried flower makes Village Farms a top name to watch.

It's a canny play if you're looking for a smaller-cap name with masses of growth potential. The stock has an exceptionally solid outlook thanks to low overheads and huge CBD growth potential.

The bottom line

Pure Sunfarms is steadily capturing market share in the dried flower market. Investors looking to buy on extreme weakness have a strong play in this low cost, large-scale producer right now.

Canopy, Aphria, and Cronos are also strong long-term buys for market dominance.

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Date

2025/08/16

Date Created

2020/04/02

Author

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