



Which Top Cannabis Stock Should You Buy With \$1,000 in June?

Description

It's been a frothy week for cannabis stocks, with a couple of noteworthy dips and peaks. One of the biggest dips by far was **Canopy Growth's** ([TSX:WEED](#))(NYSE:CGC) calamitous plunge after a stinker of an earnings report. Contrastingly, **HEXO** ([TSX:HEXO](#))(NYSE:HEXO) galloped ahead on the back of a licensing breakthrough that had pot stock investors cheering.

Now, splashing a grand on a pot stock probably won't do much to boost a portfolio in and of itself. Doing so every other month over a set period is another matter, though. And there is almost certainly a right and a wrong way to build such positions over time. So, today we will take a look at these two top Canadian cannabis stocks and try to figure out which one is worth a \$1,000 investment as we head deeper into June.

Canopy Growth stock just took a nosedive

Top pot stock Canopy Growth plunged 23% in five days after a [dire earnings report](#). Among the highlights was a \$1.3 billion quarterly loss. The report came with withdrawn forecast guidance and a stripped-down focus on tangible near-term profits. Cannabis investors were understandably spooked by the sudden about-turn, which exposes serious cracks in the sector, which is still a long way from stabilizing.

For a long time, Canopy was, as most cannabis space observers will know, the safest bet as an eventual market leader. This no longer seems quite so certain. Other names now seem just as likely to dominate the cannabis market in the long term. Names like **Aphria**, **Cronos Group**, and **Village Farms** all possess the qualities of a future wide-moat company.

However, this is still very much a fledgling industry. Despite a long history of global cannabis consumption, the transition of marijuana into a full-throated corporate affair is being hampered by a comprehensive stranglehold of factors. Cannabis producers and suppliers have to contend with, among other headwinds, a piecemeal Canadian retail landscape; entrenched black and grey markets; and uneven legal stipulations south of the border.

HEXO stock soared this week — but why?

On the other end of the spectrum of success, HEXO was back in investors' good books this week. This [top contender for cannabis leadership](#) rocketed 30% at one point this week after news broke of its breakthrough licence. As co-owner of Truss Beverages, HEXO will now be able to make meaningful progress with its range of CBD-infused drinks.

HEXO CEO Sebastien St-Louis laid out the benefits of the new licence, which will allow the cannabis producer to “increase our processing capability significantly, achieve greater economies of scale, and continue to roll out more innovative 2.0 products across all of our brands powered by HEXO, including hash, vapes, cannabis beverages, and other edible cannabis products.”

While the battle for pot stock dominance will likely rumble on for some time, the smart money this month is on HEXO. The cannabis beverage industry in particular is a major missing piece in the marijuana puzzle. Once in place, the cannabis sector should hopefully begin to generate some of that steep, sustainable upside that investors have been waiting for so patiently.

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