



## The New Cannabis: Better Stocks to Buy for the Upside

### Description

The pandemic has skewed the markets, weighing on once-thriving sectors and causing risk appetites to mutate. Bulls had been running cannabis and tech names long before the health crisis erupted. But a combination of unemployment, beaten-up industries, and the rise of zero-commission trading has given birth to a new breed of contrarianism. Here are some alternative plays for upside, as the markets become ever more divorced from the economy.

### Gold and tech: The new momentum regime

Cannabis stocks were roaring in the run up to legalization. Unfortunately, the reality didn't match the dream, and many businesses lost a fortune during the comedown. But just as the sector was beginning to stabilize, along came the coronavirus. **Aphria** is one of the few names that might satisfy investors [looking for profitability](#), but it's in the minority. There are far better returning industries than cannabis right now.

Tech and gold have closed in on the former high-momentum ground formerly occupied by cannabis stocks. Look at **Barrick Gold**, up 70% since this time last year. Or consider **Shopify**, which has generated 142% share price appreciation in the last 52 weeks. Given the state of the market, this kind of growth sets Shopify aside as a truly defiant pick. On a different scale, **Constellation Software** has gained 21% in the most recent quarter.

E-commerce is gaining traction, as consumers [increasingly favour online shopping](#). There are two solid, tangible ways to play e-commerce. The platforms themselves offer a pure play on the space. Meanwhile, logistics names such as **TFI International** support an infrastructure take on the e-commerce thesis while also paying dividends.

### A handful of stocks will dominate the cannabis space

One good thing about cannabis producers is that they don't carry debt in the same way that almost every other business type does. This is because, by and large, banks wouldn't touch cannabis

companies with a 10-foot barge pole. On the one hand, this has made it a lot harder for pot producers to gain traction in the overcrowded cannabis market. On the other, it's mostly left them immune to traditional debt problems.

At the same time, though, using common stock as a financing fallback could have its downsides further along the line. Looking at the dramatic plunges that cannabis stocks have suffered — especially this year — leaves little room for doubt that unconventional financing might be a risky ploy. But the unprofitable status of most pot stocks surely cannot last forever. At some point, cannabis companies will have to put up or shut up.

Those that have actually managed to capture some portion of the higher ground, though, could emerge from a pandemic-induced economic depression as industrial forces to be reckoned with. A lack of access to credit has forced some cannabis producers to build tangible businesses founded on solid, real-world metrics. The real question, though, as the lariat of viability tightens, is, which names will dominate the space?

## CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners
5. Tech Stocks

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

## Category

1. Cannabis Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners
5. Tech Stocks

## Date

2025/07/21

## Date Created

2020/07/04

## Author

vhetherington

default watermark