



3 Top Cannabis Stocks to Buy Right Now

Description

There has been a lot of buying in the cannabis space since November. The legalization of cannabis in five U.S. states and the victory of Joe Biden have boosted investors' confidence. With Democrats taking control of both the Senate and House, investors hope that pro-cannabis bills, such as SAFE Banking Act and the MORE Act, could soon become laws. So, amid the favourable environment, here are the three cannabis stocks that can deliver superior returns this year.

Aphria

Since the beginning of November, **Aphria** (TSX:APHA)(NASDAQ:APHA) has returned over 155.6%. Along with optimism in the cannabis space, its impressive [second-quarter performance](#) drove the company's stock price. It outperformed both analysts' top-line and bottom-line expectations during the quarter. Meanwhile, I believe the rally could continue, given its high-growth prospects.

Aphria has acquired a significant market share in the Canadian recreational cannabis market by offering compelling and relevant products, with its vape and dried flower products performing exceptionally well. The company's recent acquisition of SweetWater has allowed the company to expand its U.S. operations.

Meanwhile, Aphria is working on merging with **Tilray**, which the management expects to complete the deal by the end of April or early May. The merger would significantly strengthen the combined entity's position in Canadian and the United States's recreational cannabis markets. Further, the synergies could deliver \$100 million of pre-tax savings within the first two years of completing the transaction. So, given its high-growth prospects and improving profitability, [I am bullish on Aphria](#).

Green Thumb Industries

After delivering impressive returns of over 140% last year, **Green Thumb Industries** ([CNSX:GTII](#)) has continued its upward momentum, with its stock price trading over 20% higher for this year. Five U.S. states legalized their cannabis programs in November. Meanwhile, many more states could follow suit,

given their budget deficits amid increased spending due to COVID-19. The expansion in the United States's cannabis market could greatly benefit Green Thumb Industries.

Meanwhile, the company has healthy production and distribution capabilities, with 13 cultivation and manufacturing facilities. The company has a strong presence in 12 states with its six consumer brands. It also operates 51 retail stores. However, the company owns 97 licences. So, it has considerable scope for expansion.

Green Thumb Industries's margins are expanding amid its several cost-cutting initiatives and increased operating leverage. In its recently announced third quarter, its adjusted EBITDA came in at 33.9% compared to 29.6% in the second quarter. So, given the company's expanding addressable market and improving margins, I believe that the rally in Green Thumb Industries stock could continue.

Canopy Growth

Canopy Growth ([TSX:WEED](#))(NYSE:CGC), one of the largest cannabis companies by market capitalization, is up over 67% since the beginning of November. Despite the surge, the company still trades around 38% lower than its all-time high, which provides an excellent buying opportunity. Although its valuation looks stretched, Canopy Growth's stock price could continue to rise, given its high-growth prospects and expanding addressable market.

Canopy Growth focuses on Canada, the United States, and Germany, which account for 90% of global cannabis sales. In Canada, the company has acquired a significant market share in the cannabis-infused beverage segment. Its flower quality improvement program has helped the company expand its market share in the flower segment.

In the United States, the demand for Canopy Growth's Storz & Bickel vaporizer products has been growing. So, the company has planned to triple its production capacity. Further, it intends to introduce THC-infused beverages in California and Illinois in the summer of this year. With its liquidity standing at \$1.72 billion, the company has the financial strength to implement its growth initiatives.

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2. NASDAQ:CGC (Canopy Growth)
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Author

rmanjapla

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