



## 3 Weed Stocks That Have Seen Dizzying 155% Gains

### Description

Are you new to the stock market investing world and looking to capitalize on some serious action through weed stocks? Cannabis legalization was a huge deal when it was initially announced. Canadian weed producers saw valuations skyrocket, as people flocked to marijuana growers.

The immense momentum broke, as investors realized that the rally was fueled by little more than speculation and positive investor sentiment. The legal weed industry struggled, as regulatory concerns and several other factors weighed down on earnings.

The cannabis trade picked up the pace again this year, sparked by hope from increasing U.S. legalization. The major players in Canada's legal weed industry regained the lost momentum, only for the bubble to pop again. However, Canadian weed stocks realized massive gains before the recent decline.

I will discuss three weed stocks that realized [massive gains](#) during the recent rally.

### Canopy Growth

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) was on a roll again, as it nearly reached its all-time highs. The stock's valuation climbed 98% between January 4, 2021, and February 10, 2021. The rise came from the promise of a brighter future with the hopes of expanding operations into the U.S.

The company's revenues supported its outlook. The company reported a loss of over \$800 million in its last quarterly report, but these were costs associated with restructuring and impairments. It might not have to face those costs again. While the speculation-driven rally might have stopped, Canopy may have substantial potential in the long run if the U.S. markets open up and provide it with greater business.

### Aurora Cannabis

After reaching all-time highs in 2018, **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) has never quite been the same. The company is a shadow of its former self, as its shares were diluted again and again. However, the latest development across the border with a new U.S. president who is more likely to decriminalize marijuana can make a massive difference.

Decriminalizing marijuana might not be the same as legalizing it, but it sets the precedent for better developments to come. Aurora does not have a setup in the U.S., unlike its closest Canadian peers. However, its acquisition of Reviva has certainly sparked interest. Reviva's cannabidiol (CBD) products could provide it a solid path to the U.S. market.

The company is focusing on reducing production costs and setting itself up for better revenue generation as the situation improves. It realized 97.85% gains between January 4 and February 10, 2021, before declining by 34% in two days.

## HEXO

**HEXO** ([TSX:HEXO](#))(NYSE:HEXO) is another popular weed stock that is worth a closer look. The company realized a massive 154.88% gains between January 4 and February 10, 2021, before declining by 27.74% two days later. However, HEXO has positioned itself well for the next bullish run for weed stocks.

While its competitors were focused on raw production, HEXO dedicated its resources to create industry relationships. HEXO believed that its strategic partnerships could help the company beat other pot growers with high-margin brands that can resist price deterioration. One of its first partners was **Molson Coors**.

The new drink company, in partnership with Molson Coors, already sells CBD drinks throughout Canada. The next step is to gain access to the U.S. market and create more partnerships in different categories to expand its product line.

## Foolish takeaway

Has the cannabis bubble popped again? Will it reflate? The situation is quite speculative.

Pot stocks are notoriously volatile and might continue to be so for a while. I would not recommend investing in pot stocks, unless you are willing to take the long view. A stock like HEXO could capitalize on its partnerships to secure long-term brand recognition that offers it security.

Canopy is the largest legal weed producer worldwide, and it is likely to be an industry leader with several acquisitions underway. Aurora Cannabis recently acquired Reviva to gain access to U.S. markets for medical marijuana, and it may have a [brighter future](#).

Despite the positive potential, the cannabis bubble seems to have burst. The stocks might show real value a few years from now. I suggest being mindful of how much you invest.

## CATEGORY

1. Cannabis Stocks
2. Investing

#### **TICKERS GLOBAL**

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. NASDAQ:HEXO (HEXO Corp.)
4. TSX:ACB (Aurora Cannabis)
5. TSX:HEXO (HEXO Corp.)
6. TSX:WEED (Canopy Growth)

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