



## Healthcare Stocks Are up an Insane 37.9% in 2021

### Description

The first quarter of 2021 is over, and it has been radically different from the first quarter last year, primarily because last time, the quarter ended with the market struggling to get up from the depths of the pandemic-driven crash. 2021's first quarter is all about recovery and growth, and the first quarter ended with a relatively unexpected sector on the top: health care.

The healthcare sector, lead mostly by the robust growth of [cannabis stocks](#), was up 37.9% in the first quarter of 2021. It's double the growth of the next best sector (energy), which grew by 18.9% in the same period. Tech, which was the leading force behind the 2020 recovery, is not even in the top five.

### Powerful growth of healthcare stocks

Not all healthcare stocks have seen the same growth level in the first quarter. Still, many of the cannabis heavyweights in the sector have been riding the wave of optimism surrounding cannabis legalization in the United States. New York has already legalized recreational marijuana, and New Mexico is ready to make a move. The senate across the border might soon push for federal-level reforms.

This new wave of legalization might prove significantly more fruitful for Canadian cannabis producers who already have a significant presence across the border. And if legal producers and distributors in the U.S. can roll out cannabis-related products at a much faster rate in the U.S. than they could in Canada (mainly because of the relatively stringent legal system), more Canadian cannabis producers might start targeting the new market.

If that happens, we might see the healthcare sector record a strong second quarter as well.

### A healthcare stock

One healthcare company that has been growing consistently since the start of 2021 is **Theratechnologies** ([TSX:TH](#))([NASDAQ:THTX](#)). This Montreal-based company has a market

capitalization of \$455 million. The biomedical company is in the business of developing and commercializing new therapies, especially for HIV, cancer patients, and patients suffering from liver diseases.

In the last five years, the value of the company peaked in mid-2018. The value right now is a long way down from that point, but it has been growing relatively steadily for the last three months. The share price has grown over 51% from the beginning of the year. The company has a balanced balance sheet, although not quite strong. There is limited debt, and its revenue spiked quite aggressively in the last quarter.

The price-to-earnings ratio is high, but it's not in very dangerous territory. One major red flag with this stock is the price-to-book ratio, which is unnaturally high. A minor red flag is the beta of 1.05.

## Foolish takeaway

The cannabis industry within the healthcare sector is likely to see more activity compared to other industries in the sector now that the pandemic is behind us. It might portray a distorted picture of the sector itself. So, if you are planning to tie up your capital to [healthcare companies](#), a more granular analysis of the sector is warranted.

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