



2 Marijuana Stocks That Could Dethrone Canopy (TSX:WEED)

Description

The overall sentiment in **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is currently very low. After peaking to \$66.21 on February 10, 2021, the stock of the acknowledged [industry leader](#) began its descent. As of May 26, 2021, WEED trades at only \$29.49 per share, or a significant 55.5% drop from nearly four months ago.

Canopy Growth's leadership position may not hold for long because **Tilray** ([TSX:TLRY](#))([NASDAQ:TLRY](#)) and **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) appear to be more [attractive investment options](#). The two industry rivals can take over the throne.

The key to the lucrative U.S. market

Most Canadian cannabis producers are waiting for the federal legalization of marijuana in the United States. However, there's no definite timetable for when marijuana will be decriminalized or legalized federally across the border.

Two U.S. congressmen recently filed a bill called the Common-Sense Cannabis Reform for Veterans, Small Businesses, and Medical Professionals Act. The bill could be the key for Canadian cannabis companies to do business or enter the lucrative U.S. market finally.

According to sponsors, representatives Dave Joyce (Ohio) and Don Young (Alaska), the bill aims to create a federal pre-emption that would protect financial institutions and other businesses in non-cannabis legal states for them to service cannabis companies. The proposal is the latest push to remove marijuana from the controlled substances list.

Aphria-Tilray merger

Tilray shares began trading on the Toronto Stock Exchange (TSX) on May 5, 2021, following the approved merger of Aphria and Tilray. The combined company has a market capitalization of \$8.96 billion versus Canopy Growth's \$11.27 billion. Aphria's chairman and CEO, Irwin D. Simon, is the

captain of the ship.

Aphria is the surviving entity, although the new company trades under the Tilray name on the TSX and NYSE. With the merger comes Tilray's medical business in Australia and Europe. It combines with Aphria's recreational businesses in Canada. Other revenue drivers include Tilray's Manitoba Harvest and Aphria's SweetWater. Manitoba sells hemp granola and CBD products, while SweetWater is a leading cannabis lifestyle branded craft brewer.

Tilray is the global pioneer in cannabis research, cultivation, production, and distribution. Aphria focuses on acquiring brands in the consumer products space, so it could grow beyond cannabis. The merger is the biggest in the industry, revenue-wise. You can purchase Tilray at \$20.16 per share.

#1 market share

Hexo (+65.5%) outperforms Canopy Growth (-9.8%) in the stock market year to date. The weed stock's trailing one-year price return is 99.23% versus Canopy's 6.58%. Moreover, market analysts see a potential upside of 81.11% from its current share price of \$7.73 to \$14 in the next 12 months.

The \$946.66 million cannabis producer from Kanata is making the right moves in 2021. It will acquire Redecan, a licensed producer with a robust brand portfolio, for \$925 million. Management's goal is to hold the number one market share in Canadian recreational cannabis, particularly in Canada's largest markets.

While **Constellation Brands** is a significant shareholder of Canopy Growth, Hexo formed a joint venture (JV) with **Molson Coors Breweries** called Truss. The JV is another ticket to profitability. Like Canopy, Tilray eyes the cannabis-laced beverage market, which should be a massive industry in a few years.

Canada versus the U.S.

Canopy Growth, Tilray, and Hexo will battle for market supremacy. However, expect intense competition, because it's also a race between Canadian and American cannabis producers. The result should be a vibrant cannabis industry.

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2. NASDAQ:TLRY (Tilray)
3. TSX:HEXO (HEXO Corp.)
4. TSX:TLRY (Aphria)

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