



1 Hot Canadian Potential Reddit Stock Has Almost Doubled in 2021

Description

Reddit traders are responsible for the snowballing momentum of struggling companies like **GameStop** and **AMC Entertainment** in 2021. The new breed of retail investors makes money while Wall Street short-sellers lose billions of dollars in the process.

When the Reddit crowd swooped down on the so-called [meme stocks](#) in February, many cannabis stocks jumped, too. Among them is **Hexo** ([TSX:HEXO](#))(NYSE:HEXO). The share price of the Canadian weed stock soared to \$13.05 on February 10, 2021.

As of July 9, 2021, Hexo trades at only \$6.25 per share, or 52.11% lower than its peak. However, if you compared the price during the market selloff in March 2020, the gain is 200%. The weed stock's year-to-date gain is 33.83%.

The move to weed stocks

Reddit users and Robinhood traders could descend on the cannabis industry next. *Bloomberg* reported in late April 2021 that short-sellers are back in the space. Besides **Canopy Growth**, **Aurora Cannabis**, and **Tilray**, interest in award-winning marijuana licensed producers like Hexo is possible.

Thus far, there hasn't been a meaningful movement by the Reddit investing community towards marijuana stocks. However, the sector is appealing because it sells consumer products. Also, the uncertainty over the federal legalization of marijuana in the U.S. could heighten [short-seller interest](#).

In early June 2021, Vanda Research noted that inflows were highest in Tilray and **Sundial Growers**. The research firm believes it's a marked rotation out of meme stocks and into marijuana stocks. Vanda also thinks the rotation into the sector has a lot more room to run.

Cannabis market potential

Many market analysts agree that billions of dollars have yet to be made from weed stocks. *Fortune Business Insights*

estimates the market size to be around US\$97.35 billion by 2026. The CAGR during the forecast period is 32.92%. Furthermore, the increased use for medical & therapeutic purposes should aid the marijuana industry's growth.

North America is also expected to garner a significant market share in the cannabis industry. CBD is legal in many countries in the region for recreational and medicinal purposes. Meanwhile, Canadian cannabis producers are preparing for the eventual federal legalization in the U.S.

The investment thesis for Hexo

Apart from being a dynamic market, the landscape is highly competitive. Hexo could be a [premium cannabis growth stock](#). The \$985.18 million cannabis producer from Kanata acquired 48North Cannabis then bought Zenabis Global. In Ontario, it's number one in the dried cannabis market. Currently, Hexo holds the lead for cannabis-infused beverages in the country.

Hexo is all set for entry into the U.S. market following the purchase of its first production facility on American soil. The 50,000-square-foot facility in Fort Collins, Colorado, boasts several operational capabilities and can produce a full range of cannabis products.

Hexo CEO and co-founder Sebastien St-Louis, co-founder and CEO of Hexo, said, "The facility will also provide us with the necessary infrastructure to continue expanding our joint-venture with **Molson Coors**." Besides creating Truss CBD-infused beverages, Hexo will have the required capacity to support non-beverage CPG partnerships in the future.

Visible growth potentials

Pot stocks have way more growth potentials than Gamestop and AMC. However, if meme investors would come in, it could be a drawback. Meme stocks are typically volatile with wild price swings.

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