



1 Cannabis Stock to Buy and 1 to Dump After Yesterday's Performance

Description

Cannabis stocks continue to drop like stones across the board. Well, almost all cannabis stocks. Yesterday saw the drop continue for **Hexo** ([TSX:HEXO](#))([NASDAQ:HEXO](#)). Another cannabis company saw shares climb higher and higher.

Hexo plunges 10%

Hexo cannabis stock released its earnings report, and investors were [disappointed](#) to see its shares plunge to below \$1 per share before climbing just above the dollar mark. The company reported a loss of \$116.9 million in its first quarter, amounting to a loss of \$0.46 per diluted share. That's compared to a loss of \$4.2 million and \$0.04 per diluted share the year before.

This led to the company announcing a shakeup in leadership and its strategic plan. The new plan will be to streamline its business, reduce costs, and improve growth. Further, the company "overhauled" its operations and leadership. Co-founder and chief executive Sebastian St-Louis along with chief operating officer Donald Courtney left back in October. Now, Scott Cooper, the new CEO, unveiled a plan to reduce costs and restructure the organization.

Still, it's more bad news for Hexo stock that investors weren't fans of. And until Cooper can prove his plan actually works, Hexo remains a volatile stock. If it's on your buy list, you may want to dump it for now until there's some marked improvement from this company.

Shares of Hexo stock trade at \$1.11 as of writing, down 82% year to date.

Nova Cannabis jumps 17%

It wasn't all bad news for cannabis stocks. In fact, **Nova Cannabis** ([TSX:NOVC](#)) received some positive news that sent its share up 17%. This came after **Alcanna**, one of the largest private sector alcohol retailers in North America and largest in Canada, agreed that **Sundial Growers** would [acquire](#) Alcanna. In the deal, Alcanna shareholders would receive 10.69 shares of Sundial for each Alcanna

share.

Alcanna is a majority owner of Nova Cannabis, and it now has a cannabis-focused parent company. This could be enormous for the growth of the company, which already has 70 cannabis retail stores in Alberta, Ontario, and Saskatchewan. And frankly, it's something Sundial needs after its less-than-ideal performance last quarter.

Yet it's one of the first moves for Sundial to prove it's on the path to growth, perhaps through these acquisitions in the cannabis sector. While it remains a popular meme stock, Nova Cannabis could be a solid benefactor from Sundial growth, with less volatility.

Nova Cannabis currently has a target price of \$5.50, representing a potential upside of 64%. Shares are up 2% year to date after a few corrections this year.

Word of warning

With either of these cannabis stocks, there is still a lot of volatility in the cannabis sector. Both could see drops as investors wax and wane over whether there will be another jump in the future. This situation could be entirely reversed in a month. Who knows? So, make sure to continue being [vigilant](#) if you're going to get into cannabis stocks.

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