



Why More Major Companies May Want a Weed Deal of Their Own With Canadian Marijuana Producers

Description

There's no doubt that **Canopy Growth Corp.** ([TSX:WEED](#)) has been the biggest winner from the recent rally over the last few months. The **Constellations Brands Inc.** ([NYSE:STZ](#)) deal caused shares of Canopy to skyrocket, while others pot stocks rallied by a smaller amount. As we head closer to nationwide legalization, other cannabis producers may get their chance to shine, as more company-specific developments arise.

In a [previous piece](#), I'd outlined how Constellation's investment in Canopy could just be the start of a barrage of deals between "sin firms" and Canadian marijuana producers. Cannabis-infused beverages will likely be a hit in the recreational cannabis market, and for large sin firms like Constellation, such an opportunity provides a meaningful outlet for growth.

The biggest sin firm of all, **Phillip Morris International Inc.** ([NYSE:PM](#)) may be interested in rolling cigarettes with a different kind of herb. Frankly, I'd be very surprised if the behemoth stayed out of the cannabis market over the next few years.

Tobacco is already a taboo investment that many morally conscious investors have passed on, despite the stable and addicting nature of the business. Traditional cigarette sales volumes are declining, so a move into cannabis, I believe, would more than offset such a downtrend and would reignite long-term growth.

It may not be only sin stocks that are interested in getting a piece of the Canadian green rush. Fellow Fool contributor Will Ashworth recently [outlined](#) how an investment by **Monster Beverage Corporation** ([NASDAQ:MNST](#)) would make sense as a weed investor since the company caters to young people and would probably produce better-tasting cannabis-infused drinks than an alcohol company would.

"I'm no expert, but I'd assume that the manufacture of cannabis-infused beverages involves a different process than distilling, brewing, or fermentation of alcohol." said Ashworth "...I'm pretty sure taste is going to be paramount for any product they [recreational users] choose."

With Constellation first out of the gate, it appears that the door to future marijuana investments from major firms is open, not just from the biggest sinners (beer producers or tobacco companies), but for several other food, beverage, agricultural, or pharmaceutical companies who want to give their growth a major boost. As the taboo gradually fades once cannabis becomes legal across Canada, I expect more deals will be on the horizon, and that's another reason for investors to be euphoric over Canada's pot stocks.

Bottom line

I've [mentioned](#) countless times over the past few months that the cannabis industry would surge thanks to positive developments as we inch closer towards Canada Day 2018.

Should another major company announce plans to partner or invest with a cannabis producer, I expect shares of all pot stocks will continue to soar into the stratosphere.

Don't speculate on which firm may be next to receive such a deal. Instead, own shares for the long haul, because there are many more positive developments which will likely drive pot stocks even higher in the coming months.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:MNST (Monster Beverage Corporation)
2. NYSE:PM (Philip Morris International Inc.)
3. NYSE:STZ (Constellation Brands Inc.)
4. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/06/29

Date Created

2017/11/16

Author

joefrenette

default watermark