



Buy Now: 3 Reasons Marijuana Stocks Are Going to Soar in 2018

Description

With less than a month left in 2017, many investors are beginning to think ahead to 2018 and identify some of the emerging opportunities that are going to be waiting for us when the ball drops on January 1, 2018.

The interesting thing to note is that unlike the passage of another month or season, there are some very intriguing things poised to happen in 2018, which could cause several stocks to shoot up.

Here are some of those impending opportunities, and why it makes sense to consider those stocks now.

California lights up on January 1, 2018

While most of us were preoccupied with the shock of Donald Trump being elected as president, a handful of states successfully passed questions to their electorates on the ballot last year to legalize marijuana for medicinal and, in some cases, recreational use.

California was one of those states, and the Golden State is set to finally light up legally on January 1, 2018. Canada is also gearing up to go legal in 2018, but that isn't slated to happen until the summer.

Why is California's legal vote so significant? California is the most populous of the states, and in terms of a marijuana market, California is also one of the most mature, having medicinal marijuana laws in place for well over two decades already. This means that much of the supply chain and infrastructure is already set up from growers to storefronts to be able to offer products to consumers once legally able to do so — at least from the medicinal perspective.

The other side to that argument is that the recreational segment is still very much in its infancy, and in the case of licensing, the ink is barely dry on the legislation. This creates a grey area of the market whereby it might still be illegal to purchase a marijuana plant, but someone could legally give you one.

Canada lights up on July 1, 2018

When the clock strikes 12 in a few weeks, 2018 will usher in a six-month countdown to when legalization finally occurs in Canada.

Just as in California, this represents legislative, financial, and enforcement challenges at all levels of government. Provincial governments have been scrambling to draft bills to regulate the sales of marijuana in time for legalization.

Alimentation Couch Tard Inc. (TSX:ATD.B) has floated the idea of [selling marijuana](#) at its convenience stores and gas stations, noting the similar age restrictions and training as a benefit. The company even went as far as to hire a lobbying group this spring to pursue the matter in Quebec.

We're seeing a contraction in the number of players and significant investment

Almost like clockwork, there has been a flurry of activity over the past year, as companies in this emerging sector lay out their plans like chess pieces on a board in anticipation of the upcoming legalization vote.

Chief among those companies is **Canopy Growth Corp.** ([TSX:WEED](#)). Canopy capitalized on being first to market last year and used some of that investment muscle to acquire an international distributor and a domestic competitor.

Both were masterstroke deals, as the former allowed Canopy's entry into the German market, and the latter greatly increased Canopy's warehousing and production capacities.

More recently, Canopy had a [massive investment](#) this past fall from **Constellation Brands, Inc.**, as the beverage behemoth purchased nearly 10% of the company with aims of working with Canopy on developing cannabis-infused beverages in the future.

Another major player in the market is **Aphria Inc.** (TSX:APH). The Ontario-based company vaulted passed the \$2 billion market cap recently, and announced this week that it had been selected to supply Shoppers Drug Mart pharmacies with medicinal cannabis products. Shoppers Drug Mart is the largest pharmacy in the country.

Should you buy?

In my opinion, the cannabis market is still in its infancy and holds plenty of potential and volatility. Investors that can stomach short-term volatility may see healthy returns over the long term, as this new segment of the market takes off next year.

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