



I'll Be Picking Up Molson Coors Brewing Co Class B to Go With Canopy Growth Corp.

Description

Earlier this week, [I wrote an article](#) explaining why I couldn't resist the temptation any longer and had to buy shares in medical marijuana producer — Canada's biggest — **Canopy Growth Corp.** ([TSX:WEED](#)).

A few short days later, it appears that **Molson Coors Brewing Co Class B** ([NYSE:TAP](#)), one of North America's leading alcoholic beverage makers, is also ripe for the taking.

It's estimated that when it finally takes shape, the combined medical and recreational marijuana market will be worth somewhere between \$5 and \$10 billion, but it will take some time to get there. After all, the recreational market, which is expected to become legal July 1, will be about 10 times the size of the medicinal marijuana market today.

That means there is a lot that still has to happen. Greenhouses and manufacturing capacity have to come online, record-producing harvests have to be overseen, not to mention the [establishment of a supply chain](#), including provincially regulated distribution.

And as that is all taking place, the illicit black market will continue to churn out product, desperately trying to stave off legitimate competition and protect market share.

Meanwhile, the beer market in Canada already sits at \$8.7 billion — it's about the same size, but without the overhang of what are, in truth, a lot of "unknowns."

In 2016, Molson paid \$12 billion to acquire Miller Coors in what was a transformational move for the company, making it the third-largest alcoholic beverage brewer globally.

While Molson has been around since 1774, part of the company's culture is to continuously innovate, making sure that it has a product to suit every drinker.

A recent example of this strategy in action is the company's agreement with Hornell Brewing Co., Inc, an affiliate of Arizona Beverages, to market a new Flavoured Malt Beverage, Arnold Palmer Spiked

Half & Half.

Molson Coors will gain the rights to distribute the new brew through its U.S. division, Miller Coors.

The deal isn't revolutionary in the way the Miller Coors acquisition was, but it is an encouraging sign that the management team at Molson isn't sitting back, resting on their laurels.

Bottom line

Now seems like a good time to initiate a position in shares of Molson Coors.

Shares are up a little more than 3% in December, and while that may not sound like much, earlier this week TAP shares broke through their 50-day moving average — a bullish indicator and a sign the tide may be turning.

While some may claim that investors are “punch drunk” on marijuana stocks right now, an investment in Molson Coors seems like a smart and sobering idea.

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