

3 Marijuana Stocks to Buy Today

Description

The hot cannabis market has cooled of late with a good number of pot stocks trading 30% below their 52-week highs. The correction was to be expected and is healthy for the long-term viability of the sector. If you want to take advantage of the dip, consider these three marijuana stocks.

The leader

Investing in the pot industry is not for the faint of heart. There is significant volatility, and investors should expect considerable consolidation in the years ahead. This is why I prefer to target the best-in-class marijuana companies.

At the top of my list is **Canopy Growth Corp.** ([TSX:WEED](#)). Canopy has established itself as a reliable and trustworthy partner in the Canadian medical marijuana industry and is best positioned to take advantage of the recreational pot market.

The company has already struck recreational deals with Manitoba, Prince Edward Island, Quebec, New Brunswick, and Newfoundland and Labrador. The company has been expanding worldwide with significant agreements in Australia, Denmark, Germany, and Spain. Canopy has also signed a flurry of strategic partnerships, none of which are bigger than the alliance with alcohol giant **Constellation Brands, Inc.** ([NYSE:STZ](#)).

The key for any marijuana company to succeed in this highly competitive environment is access to capital to fund expansion. Canopy's ability to sign key strategic agreements will enable it to access the capital required for expansion and maintain a leadership position.

The runner-up

Nipping at Canopy's heels is **Aurora Cannabis Inc.** ([TSX:ACB](#)), the second-largest marijuana company by market capitalization. In late January 2018, the company agreed to acquire **CanniMed Therapeutics Inc.** (TSX:CMED) for \$1.1 billion, which temporarily made it the world's most valuable pot firm. Its claim to the title didn't last long, and it has since slipped below Canopy's market valuation.

The deal for CanniMed is the biggest acquisition in the sector and supports the notion that larger firms will swallow up smaller competitors to boost production capacity. The company has secured recreational pot deals with Alberta, Quebec, and British Columbia, and it has expanded its footprint with market entries in Germany and Australia.

Prior to the CanniMed agreement, Aurora was estimated to have approximately 13% of Canada's medical marijuana market. It has been growing sales at a blistering pace.

The underdog

Outside the top two, one of my favourite players in this sector is **Supreme Cannabis Company Inc.**

(TSXV:FIRE). What is particularly interesting about Supreme is its unique business model. The company is a pure-play producer with no interest in the retail market. It positions itself as a high-quality business-to-business supplier. Over the past number of months, it has signed significant supply agreements with Aurora Cannabis and the Alliance of Beverage Licensees, the largest liquor industry association in British Columbia.

The company has plenty of organic growth opportunities at its state-of-the-art 342,000 sq. ft. 7Acre facility. The facility has a current flowering capacity of 10,000 sq. ft., and the company recently completed the construction of three additional 10,000 sq. ft. flowering rooms. Supreme has ample room to expand production at its 7Acres facility and is a prime takeover candidate.

If you've missed out on the previous run, take advantage of the current weakness and get into these stocks before the next leg up. As always, investors should exercise due diligence.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:STZ (Constellation Brands Inc.)
2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

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