

The Cannabis Industry Hit a Big Milestone This Week

Description

Many people have not taken cannabis companies seriously, but we are starting to see the industry gain more credibility from outsiders. Stocks like **Canopy Growth Corp.** ([TSX:WEED](#)) have taken off in the past year, but, most importantly, they have also proven that there is more than just hype behind the results. In its most recent quarter, Canopy's sales more than doubled, and the company also finished in the black.

Big companies have signed up with pot stocks to secure deals and key partnerships

It is difficult to ignore the results, and that's why many big investors have gotten involved in the industry. Last year, beer maker **Constellation Brands, Inc.** ([NYSE:STZ](#)), known for its popular Corona brand, [jumped on board](#) and made a big investment in Canada's biggest pot stock. We've also seen cannabis companies earn the trust of provinces as well, with Canopy also securing supply deals with multiple provinces to ensure that enough product is available to meet demand once marijuana is legalized.

Earlier this year, Canopy also announced a bought deal and that **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) would be helping the cannabis company with the securities issue, making it the first time that one of the big banks in Canada has been involved in such a deal with the cannabis industry.

But it isn't just Canopy getting all the deals either. Recently, we saw **Aurora Cannabis Inc.** ([TSX:ACB](#)) lock in a deal with Shoppers Drug Mart to sell medical marijuana. The pharmacy chain has linked up with multiple cannabis companies already in the hopes of eventually selling pot online.

NASDAQ listing a big milestone

Earlier this week, **Cronos Group Inc.** (TSXV:MJN)([NASDAQ:CRON](#)), which isn't even listed on the TSX, began trading on the NASDAQ in what was another big first for Canadian cannabis companies. It's significant because it involves a vetting process that the company would have had to go through just to get listed, and it enables the stock to more easily reach U.S. investors.

Although there have been concerns in the past about Canadian cannabis companies that have had interests in the U.S., where pot is still illegal at the federal level, Cronos has avoided that issue by having a position in pot in countries where it is legal to do so.

What does this mean for investors?

From an investment point of view, these are all good signs that these cannabis companies have passed various tests. Whether it's supplier checks for quality and safety, the NASDAQ's listing requirements, or those from a big bank or investor, there is plenty of confirmation to say that these are real, legitimate companies with sound business models that make it safe to partner with or invest in.

However, that's not to say there is no risk involved or that there won't be any volatility along the

way. Year to date, Canopy is down more than 8% after soaring more than 225% in 2017. Aurora Cannabis has been able to generate very modest returns so far this year, and that too is a far cry from the atmospheric rise that the stock was on when the company announced it was looking to [buy CanniMed Therapeutics Inc.](#) (TSX:CMED) late last year.

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Author

djagielski

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