



## Are Cannabis Stocks the Best Option for Millennials Looking for Big Growth?

### Description

In June, we learned that the Justin Trudeau government managed to fulfill one of its biggest promises: the legalization of recreational cannabis. This was not only good news for investors, but for the Trudeau-led Liberals, who had achieved electoral victory largely on the back of youth support. Cannabis legalization was not a trivial issue for a significant portion of the youth who turned out in big numbers for the Liberals.

Millennials have also made cannabis a favourite target in their portfolios. **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) made its debut on the New York Stock Exchange in late May. Several major investment apps, like Robinhood, showed that millennials generated the bulk of the interest among retail investors in the United States after the listing. In some respects, cannabis stocks have been in competition for attention with cryptocurrencies like Bitcoin. These assets posted a boom that [coincided with soaring cannabis stocks](#) in late 2017 and early 2018.

Since that period, cannabis stocks have experienced varying volatility in spite of some major deals and legalization being made official. Shares of Canopy Growth were up over 30% as of close on July 11. The stock was priced at \$38.94 but had reached as high as \$48.72 in June after legalization was announced.

**Aurora Cannabis Inc.** ([TSX:ACB](#)) made the largest deals in the short history of the industry with its \$1.1 billion acquisition of CanniMed Therapeutics, and in mid-May it announced the \$3.2 billion deal for **MedReleaf Corp.** The stock was down 5.9% as of close on July 11. Shares hit an all-time high of \$15.20 following the CanniMed acquisition, but quickly dropped, as a global stock market sell-off hit in late January and early February.

Are cannabis stocks still a great growth option for millennials as we near the end of this decade? Analysts have projected that the cannabis industry will surpass the Canadian alcohol industry in annual revenue when production, distribution, and sales ramp up. These forecasts are promising, but could also indicate that we will see volatility in the short term as the demands of the market fall on producers.

The industry holds a lot of promise, but investors should be selective as we enter uncharted territory for

cannabis equities. Beyond the big producers like Canopy and Aurora, stocks like **Alcanna Inc.** (TSX:CLIQ) are also [worth a look](#). Alcanna operates liquor stores mainly in Western Canada and in select regions in the United States. It will provide cannabis at select stores later this year.

**Aphria Inc.** predicted earlier this year that in the months following legalization we would see a period of rapid consolidation. Many smaller producers are unprepared for the demands of this fledgling industry and will likely be integrated into larger companies in quick order.

To wrap up, younger investors should still feel good about the long-term prospects of cannabis stocks. Tech stocks and bio-pharmaceuticals represent a sliver of the overall weighting of the S&P/TSX Index, which is dominated by energy and financials. For millennials trading solely on the TSX, the hunt for big growth potential can be frustrating. Cannabis stocks still offer this opportunity, and the big producers are still worth a buy at current valuations.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

## PARTNER-FEEDS

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

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