



## Could the Holidays Give Marijuana Stocks a Lift?

### Description

The holidays are a time to relax and spend time with friends and family. Usually, the relaxing part includes ample amounts of beer, wine and eggnog. But now, with cannabis fully legal nationwide, pot may become a bigger part of the holiday revelry. And should that turn out to be the case, cannabis producers will be the main beneficiaries.

Many types of stocks do well during the holidays, most notably retailers, shipping companies, and credit card makers. These companies typically get a boost during the winter because of strong retail sales. Wine is another category that gets a boost in December, as it is the type of alcohol most commonly given as a gift.

It's not unreasonable to expect that cannabis may become another popular intoxicating holiday gift—at least this year, when the novelty factor will be high. But there are other reasons to expect that cannabis will be a top seller during the holiday season. We can start with some clues from what happened south of the border a few years' back.

### The Colorado case study

Colorado was one of the first U.S. states to legalize pot. Shortly after legalization, cannabis sales soared there, especially holiday sales. According to data from the 2016 holiday season, retail marijuana sales increased 21% in the weeks leading up to Christmas. Particularly popular were edibles like cookies and candies—cannabis-infused variations on holiday favourites.

Assuming U.S. trends carry over to Canada, we can expect cannabis producers with significant retail presences, like **Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC), to get a major boost. Canopy's "tweed" brand already has its own chain of retail stores ready to accept holiday shoppers, and of course, the company's product will sell at provincially-operated cannabis shops as well.

### Christmas spending on the rise

If holiday pot-giving takes off in Canada, there is still more reason to believe that Santa will be kind to cannabis stocks. According to research by PWC Canada, holiday spending is on the rise. So in

addition to people spending more money on gift products over the holidays than any other time of year, they will also likely be spending more than they did in past years. Combined, these two factors could mean a big sales boom for cannabis producers—assuming they have their [supply chain issues](#) worked out.

### Some companies better positioned than others

Some cannabis companies appear better-positioned to take advantage of holiday spending than others. Canopy, for example, has generally handled supply chain issues better than some of its competitors, because of the aforementioned Tweed retail locations that allow it to go direct to consumers.

**Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB) is another company that appears well-positioned for the holidays, as it has signed a deal with liquor store chain **Alcanna** to distribute its products in branded shops. Aurora already posted some impressive numbers in its most recent earnings report, including [223% year-over-year revenue growth](#), so its post-holiday earnings will be worth watching.

### CATEGORY

1. Investing

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2. NASDAQ:CGC (Canopy Growth)
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