



## Want to Cash in on the Marijuana Boom? My Top Cannabis Stock to Buy in June

### Description

Cannabis stocks have come off the boil since the start of 2019 and there appears to be little life left in the sector as fears of a trade war and a weaker global economy weigh on the outlook for consumer products. This is being exacerbated by growing fears that marijuana stocks are in a bubble and many are heavily overvalued.

While Canadian industry leaders such as **Canopy Growth** and **Aurora Cannabis** have soared by around 58% and 45%, respectively since the start of 2019, many smaller plays have failed to make the same gains. Leading Colombian cannabis cultivator **PharmaCielo** ([TSXV:PCLO](#)) has made nowhere near those gains, rising by just 26% over that period and losing 4% over the last year, creating an opportunity for risk-tolerant investors seeking speculative exposure to the global cannabis industry.

### Leading South American cultivator

PharmaCielo is the industry-leading legal marijuana cultivator in Colombia, giving it a first mover advantage in a country that could easily become the Saudi Arabia of cannabis. The equatorial nation's unique geography, geology and climate has long viewed it as a rich source of agricultural products including fruits and cut flowers.

Those characteristics coupled with clear regulation, a deep pool of skilled labour, low start-up costs, world famous Colombia cannabis strains and low operational costs because cultivation in open-air greenhouses is realistic. That gives Colombia a significant comparative advantage over many North American jurisdictions, especially Canada, where cannabis companies are typically required to engage in [extremely costly](#) climate controlled indoor cultivation.

PharmaCielo recently announced that it would acquire Australian listed medicinal marijuana company **Creso Pharma** ([ASX:CPH](#)) for approximately \$111 million in an all-stock deal. Creso owns licenced cannabis cultivation facilities in Canada, where it harvested its first marijuana crop in late May and is developing additional cultivation assets in Colombia and Israel.

It is focused on the production of marijuana edibles, topicals and other extract-based products with

distribution agreements in the U.K., Switzerland and Australia.

The deal has been unanimously recommended by the Creso Board of Directors, and if approved by shareholders will be beneficial for both companies. It will scale up PharmaCielo's Colombian acreage and boost its distribution channels, particularly in Europe, while giving it an operational growing facility in Canada.

Creso has a 24,000 square foot indoor cultivation facility in Nova Scotia that can produce 4,000 kilograms of cannabis annually and can be expanded to produce up to 10 times that amount. This positions PharmaCielo to start generating revenue and take advantage of the upcoming legalization of marijuana edibles, extracts and topicals in Canada, while continuing to develop its Colombian operations.

Given the low start-up and operating costs compared to Canada, Colombia offers the best [long-term prospects](#). Some industry analysts have estimated that it costs less than a fifth of what it costs in Canada to produce a gram of dried flower in the equatorial nation.

Coupled with premium prices in Canada and other developed jurisdictions where its use is legalized in one form or another, it's easy to see how PharmaCielo can benefit from cultivating and processing its marijuana in Colombia while selling it in Canada.

## Putting it together for investors

PharmaCielo has 15 million square feet of available cultivation capacity in Colombia.

It is composed of a 1.3 million square foot nursery and propagation centre along with 0.4 million square feet of greenhouses in Rio Negro, a satellite city of Medellin, and 13.3 million square feet of land for cultivation with contract growers. The company is also constructing a US\$5 million research, technology and processing centre that once complete will need to be certified by the Colombian National Food and Drug Surveillance Institute.

Once they are fully online, those facilities along with the additional Creso assets will give PharmaCielo's earnings a solid boost, which in turn will give its stock a healthy lift.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. ASX:CPH (Creso Pharma)
2. TSXV:PCLO (PharmaCielo Ltd.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise

4. Yahoo CA

**Category**

1. Cannabis Stocks
2. Investing

**Date**

2025/08/24

**Date Created**

2019/06/23

**Author**

mattsmith

default watermark

default watermark