



3 Stocks That Could Benefit Immensely as Cannabis Edibles Get Set to Hit Shelves

Description

New regulations that will make cannabis edibles legal for recreational consumption are expected to come into effect this October, but Canadians shouldn't expect actual product to hit their local shelves and online dispensaries until closer to December, industry experts say.

Still, the market for cannabis edibles will represent a brand-new, untapped market — one that could reach potentially as much as \$2.7 billion annually, says accounting firm Deloitte.

So, you can be sure businesses and investors will be crawling all over themselves to go after their own respective shares of the proverbial pot pie.

One of the businesses that should benefit from the growth in cannabis edibles and other premium or value-added cannabis products is **Medipharm Labs**.

LABS is an extraction company, one that helps cannabis producers and consumers by removing or extracting the chemical concentrates found in the cannabis plant to make them easier to use as raw material inputs for applications such as oils, topical gels, concentrates, edibles, and even cannabis beverages.

Last year, **Canopy Growth** purchased Saskatoon-based extraction company KeyLeaf to bring those faculties in-house — a move which could be followed in suit by other LPs (licensed producers) if not now, then potentially in the near future.

Then, of course, there's **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), another Canadian LP that inked a deal last year with beverage giant **Molson Coors Brewing** to jointly work together on developing cannabis-infused beverages for the adult recreational market.

HEXO is geared up to be the developer of choice for consumer packaged goods companies (like Molson) that are looking to include cannabis as a food ingredient.

Whether HEXO will ultimately be successful in that venture, whether Molson eventually decides to up

its stake in the company, or whether perhaps another major consumer goods company like **Kraft Heinz** will step up to join the mix remain to be seen.

But with HEXO shares trading not far off their 52-week lows, this might be one of the better opportunities within the Canadian cannabis space right now.

Add to that list **Charlotte's Web Holdings**. Charlotte's Web claims it is [the largest CBD producer](#) in the U.S. market, which recently legalized cannabidiol last year with the passing of the Farm Bill Act.

CBD, which for now, at least, appears to be operating in the grey parts of the U.S. market, also could have major applications one day as a popular ingredient in everyday household food products.

Foolish bottom line

Cannabis stocks have mostly cooled off since last October, when the drug finally became legal for recreational purposes, yet the impending legalization of edibles, beverages, and creams could end up providing [just the type of spark necessary](#) to reinvigorate investors interest in the sector.

If that were to happen, Foolish readers can expect these three stocks to outperform.

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