



The Time to Buy Is Now: 2 Cannabis Stock Picks for 2020

Description

In 2018, nearly every pot stock went gangbusters, with gains often exceeding 400%. It was a different story in 2019, however, when the entire industry experienced a difficult bear market.

But cannabis stocks could stage an [epic rebound](#) in 2020. If you've been waiting to capitalize, now's your chance.

A few years into the cannabis boom, we've learned a lot about what works and what doesn't. Today, we have a clear idea of which business models are primed to succeed over the long term.

The recent downturn has pushed many of these promising stocks into bargain territories. The gains during the next bull market could exceed those of 2018.

If you're putting money to work this year, the following two picks are for you.

Don't go it alone

The pot industry is maturing, but it's still very much early stage. Which products and categories will ultimately generate the most value is still undetermined. What we do know, however, is that pot is going to be *much* bigger than smoking weed.

Take a look at the tobacco market. Last year, global sales were around \$800 billion. Alcohol sales, meanwhile, were \$1.4 trillion.

Focusing only on smokable cannabis will prevent you from taking advantage of other gigantic markets, namely THC beverages.

In October, new form factors for cannabis were made legal in Canada. For the first time, companies were permitted to sell edibles and drinks infused with cannabis. Legalization happened so recently that few products are currently on the market, but that's all set to change in 2020.

The leader in this space is **HEXO Corp** ([TSX:HEXO](#))(NYSE:HEXO). That's because it has one of the most reputable beverage companies backing it: **Molson Coors Canada Inc.** ([TSX:TPX.B](#)).

In mid-2018, HEXO and Molson agreed to co-create cannabis drinks that target both the THC and CBD markets. The partnership moved quickly, and their first cannabis-based drinks should hit the market in a matter of weeks.

As a smaller competitor, HEXO stock got hit hard during the last bear market, with shares down 80%. With differentiated products hitting the market in 2020, its fate could change quickly this year.

HEXO is now valued at \$540 million despite targeting an opportunity that could exceed \$200 billion globally.

Go even bigger

HEXO isn't the only pot stock with a big-name partner. Last year, **Cronos Group** received a multi-billion dollar investment from tobacco giant **Altria Group Inc.** Now, Cronos arguably has the most powerful partnership in the entire marijuana industry.

Look at how the tobacco market evolved over time. Decades ago, there were dozens of cigarette companies vying for attention. Today, a single company controls more than half of the U.S. market: Altria.

Altria has a proven history of capitalizing on highly-regulated markets. It's become an industry behemoth using world-renowned brands like Marlboro. With billions on the line, expect it to use all of its resources to make Cronos a success.

Cronos stock was slashed by two-thirds during the latest bull market, but its \$3.3 billion valuation is now a steal

By 2030, demand for its products should exceed \$100 billion. As a clear leader in the space, Cronos stock is too cheap to ignore.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:TAP (Molson Coors Beverage Company)
3. TSX:HEXO (HEXO Corp.)
4. TSX:TPX.B (Molson Coors Canada Inc.)

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