



Cannabis Investors: A Boom Is Coming

Description

It's official. The cannabis bubble has definitely burst. Across the board even the biggest cannabis stocks have come crashing down. Even before the pandemic, these stocks were in trouble. Now that COVID-19 is still sweeping the world, these cannabis stocks have an incredibly long road ahead.

However, there are a few signs of life out there that investors should look into. While cannabis stocks are definitely in trouble right now, there are some reasons why investors should be hopeful about the future. However, that hope must be taken with a huge helping of caution.

No matter what happens in the markets, cannabis stocks are a big risk. Especially right now. So while all of what I'm about to say *could* happen, of course you won't know until it actually does.

The cannabis battle

During the cannabis bubble of 2018, many investors wanted to buy up the next big thing. Stocks [across the board](#) were soaring in this industry, and investors didn't want to miss out. Even tiny companies that usually wouldn't see the light of day on the **TSX** were being bought up in bulk.

Needless to say, these were the first to drop to almost nothing once the pandemic happened and the cannabis bubble burst.

While the pandemic has hurt these companies, it's also weeded out those that simply can't survive. While cannabis sales may be up, it doesn't matter. Even the biggest producers can't produce cannabis during a time of social distancing, and neither can the smaller producers. This means a large amount of companies might soon be up for grabs.

Those with cash or credit can therefore buy up these producers at bargain basement prices. It was likely going to happen eventually, but the pandemic has sped up this process. After the pandemic passes, these companies will be able to produce at an unheard-of scale.

The U.S.

I'm not sure if you remember, but there is actually an election about to happen in the United States. The pandemic has taken all the headlines away from potential candidates. Yet one thing I'm sure cannabis investors and companies are listening for is one word: legalization.

About two-thirds of the American population approves of cannabis legalization, and a lot of headway has already been made. Cannabidiol (CBD) has already been approved in a number of states, full legalization has happened in a handful as well, and even hemp has provided a path to profits for cannabis companies.

With legalization, this will open up the floodgates for any company that has a foothold in the United States already. This would be the single most significant impact to the cannabis industry, hands down.

With an election this year, I'm sure legalization will be on the table. If the President elect ultimately approves legalization, expect a huge boom come November.

Where to invest?

So what cannabis producer has all of what I've mentioned? That would be **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC). Canopy Growth has the size and reach to hit every one of these points. As cannabis companies close, it's likely that Canopy Growth will continue its [path to profits](#) through acquisitions. It is already the largest producer in the world, and buying up more companies would just make sense.

The company has also set up shop in the United States, both through operations to create hemp, and through partnerships with large brand names. If legalization happens, Canopy Growth will be 100% ready to start selling before most of its competitors.

The one thing it does lack right now is cash. Canopy Growth invested so much in its growth process that it is still far away from profits. The pandemic has only made this worse.

However, if it does acquire cannabis companies and legalization does happen, expect a huge boom in share price from this producer.

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