



3 Cannabis Stocks to Buy Before U.S. Expansion

Description

Cannabis stocks have been on a tear in 2021, all since the election south of the border. With the United States seeing several new states legalize recreational cannabis use, there was even more excitement when Joe Biden became President. His administration announced before the election it would see the decriminalization of marijuana under his presidency.

While this isn't federal legalization, it's an enormous step. The country seems to have decided to let states choose whether to legalize cannabis or not. Each election year, more and more states decide that they don't want to miss out on the cash from taxes. It might be in the next few years that we see federal legalization of cannabis.

What cannabis stocks should you buy today?

There are several choices that I'll examine when it comes to cannabis stocks. These three are the ones I would consider first and foremost to take the most advantage of the U.S. cannabis industry. This comes down to the potential for growth in the world's largest cannabis market.

Aphria

Aphria Inc. (TSX:APHA)(NASDAQ:APHA) has become the largest cannabis producer in the world with its merger with **Tilray Inc.** The pair created the perfect partnership, giving access to more products and more countries around the world to produce, ship and dispense cannabis.

Under new leadership, Chief Executive Officer Irwin Simon believes cannabis-related decisions will be made much quicker. He's also positive about the use of cannabis-infused beverages, cannabidiol (CBD) products and other sources of marijuana that consumers can now purchase in many states.

Shares in the stock hit all-time highs this month, but have since fallen back by about 25%, leaving an ideal jump-in point before earnings in April. As it's one of the only cannabis companies to post a profit, it's likely you'll continue seeing share jumps for the future.

Canopy Growth

The current heavyweight remains as **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC). It's currently the largest cannabis producer in the world. Even if it's outgunned by Aphria, it may not be for long. The company has set up several acquisitions should legalization come through. It's these that investors should be paying attention to.

In fact, the company has already started signing the dotted line on several agreements. The one everyone is holding their breath over remains to be **Acreage Holdings**, where Canopy would complete a US\$3.4 billion acquisition with federal legalization. This would give an enormous access point to the U.S. market, and it could happen this year.

In fact, Chief Executive Officer David Klein predicts there will be federal legalization by 2022. Whether that happens or not, there could be moves that put Canopy on the solid path to profit with these acquisitions after major cuts. Shares hit a peak at \$72 per share, but have since fallen by 40% as of writing. That, again, leaves the perfect opportunity for long-term buyers.

Hexo

Finally, **Hexo Corp.** ([TSX:HEXO](#))(NYSE:HEXO) is that last stock I would seriously consider if looking to take advantage of the U.S. [market](#). Hexo stock provides a different angle. It may not be the largest producer, in fact, it doesn't really produce much at all. But instead it has several partnerships that investors can drool over.

The one that most excites investors is the partnership with **Molson Coors**. The company can help Hexo become a major [leader](#) in the cannabis-infused beverage industry. Yet it also has several growth projects to expand its cannabis market. In fact, it recently signed an acquisition of Zenabis Global for \$235 million. It is now one of the top three licensed products in Canada's recreational market with the purchase, and gives it access to European markets.

Yet again, shares hit all-time highs recently, and have since dropped by 25%. Even better, shares are on the cheap end at \$9 per share. That leaves plenty of room to growth from this growth stock.

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