



Today's Top Buy: Curaleaf

Description

A new “green rush” is upon us. Or, at least, cannabis investors hope so.

The key driver of this rush to cannabis stocks remains legalization. This time, anticipation of U.S. legalization has set the stage for another bout of hysteria of late.

Indeed, I believe that much of the hype right now in the cannabis space is unwarranted. That said, there are a few key companies I'd target for those looking to take advantage of the growth potential in this nascent industry.

Here's why **Curaleaf Holdings** (TSXV:CURA) is my [top pick](#) for such investors today.

State-specific legalization driving speculation of federal legalization in U.S.

Late last month, New York governor Andrew Cuomo signed the S.854A/A.1248A bill that legalizes licensing of dispensaries across the state. Following this move, NY is set to become the country's second-largest legal cannabis market. Legislative leaders will focus on setting up the state's Cannabis Control Board and Office of Cannabis Management, which will regulate licensing, home cultivation, etc.

That's big news in its own right.

However, cannabis investors are taking this news and running with it.

The hope many investors have is that these state-specific moves to legalize cannabis will ultimately force Biden's hand. Biden has actually been relatively cold on the idea of legalizing cannabis, as per his previous commentary on the subject. Accordingly, cannabis investors appear to be latching onto any ray of hope President Biden could warm up to the idea.

New York is about as blue a state as they come, so there could be some political pressure that's building on this front. However, with a pandemic still out of control south of the border, bigger priorities

are taking over right now, as they should.

That's not to discount the potential (or likelihood) of cannabis becoming federally legal in the United States. I'm just uncertain of the timing at this point.

Legalization potential varies among cannabis producers

If and when cannabis becomes legal, investors should want to own the top dogs in this space.

That means companies that actually have a footprint in the U.S.

Most Canadian cannabis producers are precluded from selling THC products in the U.S. by law (various banking regulations and U.S. listing regulations make it so). Accordingly, investing in some of the biggest Canadian cannabis names isn't likely to be a winning bet right now, in my view.

The entry fee to get into the U.S. market following legalization is rising. To acquire one's way into the U.S. will be ultra-expensive. Doing so organically will take time. In either case, investors in Canadian cannabis companies are likely to lose out to huge U.S. cannabis producers like Curaleaf with a dominant vertically integrated business model from coast to coast in the U.S.

Indeed, Curaleaf's business model is among the most attractive of its peers. Additionally, the company's valuation is much cheaper than many Canadian cannabis companies right now.

In my view, it's the winner for those looking to play this space right now.

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chrismacdonald

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