



3 Cannabis Stocks to Buy Before the Next Boom

Description

The U.S. cannabis legalization wave is gaining momentum, now with considerable forces like **Amazon** pushing it forward. There is little doubt about whether Congress will pass the cannabis legalization bill; the question is *when*? Too much anticipation for too long can impact the cannabis market, both in the U.S. and in Canada, in unprecedented ways.

Still, many [cannabis stocks](#) are trading at or near rock-bottom prices and are still struggling to gain an edge. But when the U.S. market opens, these companies will have a whole new market to explore. And new business opportunities are likely to give the stocks a much-needed boost. In anticipation of the U.S. legalization and the market boom it triggers, there are three cannabis stocks that should be on your radar.

A Smith Falls-based cannabis giant

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is a dual-listed cannabis giant in North America which is well positioned to take advantage of the U.S. legalization wave. It's over 70% down from both, its all-time high in Sept. 2018 and its recent 2021 peak. But the company still maintains a market capitalization of about \$6.9 billion.

One of Canopy's major strengths is the wealth of brands under its banner, many of which already have a local and international presence. These brands also represent the "breadth" of the product range the company has covered: cannabis, medical cannabis, vapes, sports drinks, edibles, and even cannabis for dogs. Even if a fraction of Canopy's brands take off with the U.S. cannabis legalization, the stock might reach new heights.

A Toronto-based cannabis company

Another cannabis company that's currently trading at a fraction of its former glory (about one-fourth the price) is **Cronos Group** ([TSX:CRON](#))([NASDAQ:CRON](#)). It's also dual-listed, which means that it might also see a sizeable growth in the investor pool once the cannabis legalization wave sweeps the U.S.

and the market starts booming in most of North America.

Cronos is more focused on research and cannabinoids — specifically, the rare ones that are not so commonly found. It has partnered with a biotech company for its extraction and is likely to hit a premium B2C and B2B market with those RARES Cannabinoid (trademarked). It also has six brands under its banner, and three of them are exclusively available in the U.S.

A Nanaimo-based cannabis company

Tilray ([TSX:TLRY](#))([NASDAQ:TLRY](#)) became the largest [cannabis company](#) by revenue earlier this year by merging with another major player in the industry — i.e., Aphria. The new Tilray is a giant, although neither the market capitalization nor the stock currently reflects Tilray's newfound power. The market cap is at \$5.24 billion, and the stock is down 92% from its 2018 peak — it's trading at less than one-tenth of its peak valuation.

Tilray focuses primarily on medical cannabis, and it already has an extensive global reach in this arena. It exports to five continents and has a significant presence in Europe, Australia, and Latin America. It has six major subsidiaries (mostly the international variants of the home company). It is investing a lot of money in research, which might pay off big in the coming years.

Foolish takeaway

The companies might not be as cheap as they are ever going to be. If the U.S. cannabis legalization wave takes longer to sweep the market, the companies might keep going down at a steady pace. But once the news break, the sector might see a lot of investor activity. You might want to consider buying these potentially explosive [growth stocks](#) now before they reach new heights, possibly beyond their 2018 peaks.

CATEGORY

1. Cannabis Stocks
2. Investing

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TICKERS GLOBAL

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2. NASDAQ:CRON (Cronos Group)
3. NASDAQ:TLRY (Tilray)
4. TSX:CRON (Cronos Group)
5. TSX:TLRY (Aphria)
6. TSX:WEED (Canopy Growth)

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