2 Dirt-Cheap Cannabis Stocks That Could Soar in 2022

**Description**

Cannabis stocks were outstanding vehicles for growth following the 2015 Canadian federal election. Justin Trudeau's Liberals fulfilled their big legislative promise and legalized recreational cannabis across Canada. That came into effect on October 2018. Since then, cannabis stocks have been a disappointing headache. Today, I want to look at two cannabis stocks that could buck this trend in 2022. Should investors have faith in this struggling sector? Let's find out.



## United States legalization looks unlikely: Should you bail on this cannabis stock?

**Canopy Growth** (TSX:WEED)(NYSE:CGC) has maintained its position as one of the top producers in Canada. Shares of this cannabis stock have plunged 66% in 2021 as of close on December 20.

In the second quarter of fiscal 2022, Canopy Growth was forced to push out its projection for positive adjusted EBITDA due to ongoing supply challenges. Worse, it is facing a delayed revenue map in the United States. No Canadian company has been better position to enter the massive U.S. market. Unfortunately, the path to recreational legalization in the U.S. looks more uncertain than ever.

When this year started, I'd discussed the optimism for legalization that had driven a spike in cannabis stocks. That hope has largely faded as we look ahead to 2022, foremost among cannabis company CEOs like Canopy chief executive David Klein. Indeed, the best investors can hope for in 2022 is a push for cannabis decriminalization. The Biden administration is facing the potential implosion of its Build Back Better bill due to dissent among some top Democrats. That could set a troubling tone for the administration's legislative agenda.

Unless there is a remarkable breakthrough, Canopy Growth will need to gain momentum here at home. Fortunately, there are some promising signs for the industry at large on the domestic front.

# Cannabis sales have surged in Canada: That’s good news for this stock!

Cannabis sales in Canada have gained significant momentum in the second half of 2021. This performance has been driven by sales in the province of Ontario. Back in August, Ontario and British Columbia made up 91.1% of retail sales growth. Quebec has lagged its peers and has maintained the ban on vape products at the time of this writing.

This month, the Ontario Cannabis Store (OCS) said that 54% of the cannabis purchases made in the province between July and September were linked to legal retailers. Legal retailers have been able to beat out the illicit market for the first time since recreational legalization. The industry will need to keep up this trend and extend its lead over the illicit market in order to make investors happy going forward.

**Tilray** (TSX:TLRY)(NASDAQ:TLRY) is another top cannabis stock that has struggled mightily in 2021. Earlier this month, I’d suggested that investors should look to snatch up Tilray on the dip. Shares of this cannabis stock have dropped 50% in 2021 as of close on December 20.

The company is set to release its next batch of results on January 10, 2022. In the first quarter of fiscal 2022, Tilray delivered net revenue and gross profit growth of 43% and 46%, respectively, over the previous year. It also delivered its 10th consecutive quarter of positive adjusted EBITDA. Tilray is a legitimate powerhouse in this space, and it is worth your attention ahead of the new year. Shares of this cannabis stock last had an RSI of 28, which puts it in technically oversold territory.



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