



Will a U.S. Listing Significantly Boost These 2 Marijuana Stocks?

Description

Listed Canadian marijuana producers are making frantic efforts to dual list their equity stock securities on leading U.S. exchanges, specifically, the NASDAQ stock market and the New York Stock Exchange, but could they enjoy the same success as **Cronos Group Inc.** (TSXV:CRON)([NASDAQ:CRON](#))?

The desire by the leading marijuana stocks to list south of the boarder has been recently sparked by the massive stock price gain achieved by the smaller but rapidly growing cannabis firm, when it announced it is getting listed on a major American stock exchange on February 26.

Cronos Group stock [debuted trading](#) on the NASDAQ Stock Exchange on February 27 to much market applause, as it was the first ever marijuana grower to ever list its shares on a major U.S. exchange. The stock rose nearly 36% from its February 26th closing price to peak at \$13.39 per share on March 6.

The cannabis firm labelled the NASDAQ listing as a “major corporate milestone” and believes the move will “increase long-term shareholder value by improving awareness, liquidity, and appeal to institutional investors.”

Indeed, the market welcomed the move and rewarded the stock accordingly.

As if not to be left out, **Canopy Growth Corp.** ([TSX:WEED](#)) and **Aurora Cannabis Inc.** ([TSX:ACB](#)) made it into the headlines afterwards; Canopy revealed that it already had plans to list on the NASDAQ before, but had halted the move while going through negotiations and concluding a major deal with **Constellation Brands**, and Aurora’s CEO mentioned that he will look at the NASDAQ, the New York Stock Exchange, as well as AIM in the United Kingdom.

As it seems, Canopy may list earlier on the NASDAQ, as it looks to have worked on the plan for some time, but will these leading marijuana firms reap the same benefits and see their stock prices rise as much as Cronos Group’s +36%?

They probably won’t rise as much.

Aurora's and Canopy's shares will most likely gain in value upon debuting trading on American exchanges due to a number of factors, like more visibility among American investors, improved market depth, elevated price discovery, as well the all-important influx of large U.S institutional investors whose mandates may have limited them from trading in the shares while on the TSX, among other positive factors.

However, Canopy and Aurora have been enjoying most of the benefits associated with listing on a major world stock exchange by virtue of them trading on the main TSX already.

Cronos Group was only listed on a smaller and junior TSX Venture exchange, where there are a majority of smaller issuers, and therefore it had so much to benefit by being traded alongside world corporate giants — the likes of **Apple Inc.**, **Amazon.com** and **Microsoft Corp.** — and the move has helped shrug off some stigma associated with pot stocks in the United States.

Furthermore, Cronos Group may not have been as popular as Canopy and Aurora are among world investors due to being smaller in size and trading on a smaller exchange, while Canopy has [been included in](#) the S&P/TSX Composite, which is replicated by several institutional money managers, who use it as a performance benchmark.

Canopy and Aurora already trade on the main Canadian exchange, which is very much accessible, even to U.S. institutional investors, unlike Cronos Group, which is listed on the TSXV, where some institutional investors may have had limited access to the stock due to internal or fund specific constraints.

Most noteworthy, Aurora has been topping the list on the most traded TSX stocks and trending stocks lists on numerous trading days since last year, so added exposure may not boost the stock as significantly as it did for Cronos Group.

Foolish bottom line

Canopy and Aurora may have already attracted a significant number of institutional and retail investors, so they may not benefit as much as Cronos Group from a NASDAQ listing. Making a speculative trade based on the listing of the two stocks on major U.S. exchanges is not a guaranteed profitable action.

That said, dual listing would deepen capital market exposure to the stocks, improve liquidity, and most likely support a higher bottom on the stocks, which is good for long-term investors in the three stocks discussed.

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1. Investing

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TICKERS GLOBAL

1. NASDAQ:CRON (Cronos Group)

2. TSX:ACB (Aurora Cannabis)
3. TSX:CRON (Cronos Group)
4. TSX:WEED (Canopy Growth)

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