



Could Marijuana Legalization Be Delayed Again?

Description

As we inch closer to summer, we're hearing more talk about when cannabis is expected to be legalized. Although initially July 1 was initially the target date of marijuana legalization for recreational use, that date has since been pushed back to "the summer," without a specific date provided by the government. That ambiguity could thus help open the door to more delays.

Many remain opposed to legalization

Many people still don't believe that the country is ready for marijuana to be legalized and that a delay would be appropriate.

Recently, aboriginal groups have also called for legalization to be delayed by as much as a year to allow for more preparation and education before pot becomes legal in their communities. However, Prime Minister Trudeau dismissed any chance of that happening, stating, "We have been working with our partners across the country to make this happen and we are going to be moving forward this summer on the legalization of cannabis."

A big motivation behind the legalization of marijuana appears to be political, and the current government certainly wants to have it in place sooner rather than later so as to make good on their promise ahead of the next election. However, there's no other reason to rush the movement, particularly as more studies are continually being done on the effects of marijuana and more insights can be gained from places like Colorado and Washington State, where pot has already been legal for some time.

Although the prime minister has dismissed any fears of legalization delays, investors shouldn't rule out the possibility of it happening, especially if resistance grows or new obstacles arise.

What does this mean for investors?

Pot stocks like **Aphria Inc.** (TSX:APH) and **Aurora Cannabis Inc.** ([TSX:ACB](#)) have seen their share prices rise [significantly](#) over the past year, prompted by the expectation that marijuana will be legalized this year and that the companies will see significant growth as a result.

Marijuana stocks are trading at very high multiples of sales, and a delay in legalizing cannabis could prompt investors to doubt whether it will actually happen, which could result in a big sell-off. That said, with the moves put in place by the government, we'll inevitably see pot legalized at some point. The big question, however, is how strong the growth will actually be and whether the conservatives regain power at the federal level, and how the industry's prospects for growth could be affected should that happen.

This is a big reason why **Canopy Growth Corp.** ([TSX:WEED](#)) and other growers have looked outside Canada to expand their reach into other countries to help mitigate that risk and be less exposed to the Canadian market.

At the high valuations that pot stocks trade at, even after seeing [significant corrections](#) this year, there's a lot of risk for investors who buy today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Newscred
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