



It's Official: Recreational Marijuana Will Be Legal in Canada

Description

On Tuesday, the Senate approved Bill C-45 and marijuana legislation is on its way to receiving Royal Assent and becoming law. The last hurdle has been cleared and we'll see recreational pot sold in stores eight to 12 weeks from now, which puts us near the end of summer.

The Senate gave its initial [approval](#) a few weeks ago, but because that bill had amendments, it had to return to the House of Commons to receive approval on the changes, as the two sides need to agree on the exact same version. The House ultimately did accept many, but not all of the changes, and sent bill back to the Senate.

The Senate decided that the issues were not worth the fight and approved the bill with a convincing 52-29 vote, as the danger loomed that with the House not being in session after this week until September that prolonged talks could delay the legalization process by a further couple of months.

What this means for the country

Shortly after the process was finalized, Prime Minister Justin Trudeau tweeted the news, saying "It's been too easy for our kids to get marijuana – and for criminals to reap the profits. Today, we change that. Our plan to legalize & regulate marijuana just passed the Senate."

While an [ethical](#) argument could be made as to how legalizing marijuana could be helpful for society, to suggest that home cultivation and making pot even more acceptable than it already is will somehow make it harder for kids to obtain marijuana is a bit of a leap, especially considering the problems we see with underage drinking and smoking.

The reality of this is that we'll see many issues (and costs) come out of this that likely aren't even on the radar right now. Home cultivation, for instance, could create a big battle between landlords and tenants and how homeowners can protect their properties from the damage that can come from growing marijuana, especially when cultivated improperly.

What this means for investors

In short, what legal pot does for companies is it sends their sales soaring. Up until now it's only been medical marijuana that has been legalized, and with growers now being able to open their doors to the general public, revenues will get a big boost.

Aurora Cannabis Inc. ([TSX:ACB](#)) has been building its capacity and resources through acquisitions in anticipation of having to meet significant demand. By comparison, **Canopy Growth Corp.** ([TSX:WEED](#)) (NYSE:CGC) has multiple supply deals with provinces locked-in, as it has preferred to build its reach through key partnerships rather than pricey acquisitions.

Both companies will undoubtedly get a big boost from the news today. The big question is how much of that growth is already priced into their current share prices. Pot stocks have already risen significantly over the past year, and while excitement may be high, investors should be careful in deciding whether to buy.

Canopy Growth's stock has risen more than 430% in the past 12 months, while Aurora Cannabis is up around 350%.

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2. TSX:ACB (Aurora Cannabis)
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