



## Why Canopy Growth Corp (TSX:WEED) Stock Could Get a Boost This Week

### Description

It's been a rough few weeks for **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and the industry as a whole. Although marijuana legalization has come and gone, we're simply not seeing the same excitement around the stocks that we did in the months leading up to it.

Investors may be wondering if it's finally time to sell of their holdings and wait for a more opportune time to invest. After all, pot stocks are trading at significantly high multiples to sales, and many are nowhere near profitability.

However, that hasn't stopped pot stocks before, and there's still a very good reason we could see Canopy Growth and the industry continue to see some bullishness.

### Some big votes are happening tomorrow

Tomorrow, Americans go to the polls in the all-important [midterm elections](#), and one topic that will be on the ballot in some states is marijuana. A couple states, Michigan and North Dakota, could legalize recreational pot by the day's end, while a few others could make medical marijuana legal.

### Good news for the industry will only benefit Canopy Growth

While this does nothing for Canopy Growth's immediate prospects, success on those ballots for the industry would continue to move legalization in the U.S. forward. The more states that go to legalize pot, the harder it will be for the federal government to ignore the issue.

In the past, any positive or negative developments in the industry have had big impacts on stock prices. Canopy Growth has effectively become a bit of a figurehead in the industry, and so if the industry is doing well and showing signs of bullishness, so too will the stock.

The U.S. market is a very lucrative one, and while Canopy Growth can't benefit from any legislation passed from individual states, it does make the prospect of legalization at the federal level that much more likely.

Not only does it show that voters care and are in favour of legalizing pot, but as states continue to collect significant sales tax as a result of the new industry, the federal government may decide that it wants to profit from cannabis as well.

With a lot of debt on its book, the U.S. government could certainly improve its financial position by spending less on enforcement of marijuana-related laws while taking in income relating to it.

### **When could we see legalization happen in the U.S.?**

Realistically, this is an issue that I would assume would take at least a few years to get moving. It will likely be an issue that comes up during the next U.S. election and could be used as a political platform, and it could benefit a candidate by being pro cannabis.

However, if the Republicans remain in power, then it might take a little longer for that to happen, as they have typically taken a hard stance on drugs, as evidenced by Jeff Sessions, who, earlier this year, [paved the way](#) for federal officials to come after cannabis companies, even in states where the drug had been legalized.

Cannabis legalization in the U.S. is inevitable; it's just really a question of how long it will take.

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djagielski

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