



Ontario Cannabis Changes Could See Pot Stocks Rocket

Description

Two key developments that hit the news last week could see a boost to Canadian pot stocks.

Most notably, Ontario is looking into changing the way wholesale marijuana distribution works in the province — a move that could mean a serious shake-up for the burgeoning cannabis industry. Ontario will be exploring a move towards a distribution model in which licensed producers supply directly to retailers, more like the system in place in Saskatchewan.

In the current system, producers go through the government-run Ontario Cannabis Retail Corporation, which dovetails with the online Ontario Cannabis Store and trades wholesale with retail stores. The move would likely lead to lower pot prices in the province and could reinvigorate the legal cannabis sector.

Cutting out the extra step in the supply chain in Ontario could make a big difference to the Canadian cannabis market as a whole. The current per-gram price in Ontario, for instance, is higher than the national average. A decision could come this week and would likely see movement in cannabis stocks on the TSX.

Tackling the black market is key to growth

Another important development that could stimulate cannabis sales is the recent creation of the Ontario Cannabis Policy Council (OCPC).

Co-chair of the OCPC, Daniel Safayeni, spoke to *CBC* last week about what kind of new direction Ontario could take with legal cannabis sales:

“In Alberta, they have already nearly 300 retail stores with a population of 4 million while Ontario, with a population of 14 million, has only 24 retail outlets. So, we do think there are lessons to be learned, both from how we’ve gone about doing it and looking at what’s worked and what hasn’t worked in other provinces.”

The key will be increasing the brick-and-mortar presence of legal cannabis in the high street to squeeze out the black market. However, there’s some way to go yet, and one of the first steps that the OCPC will take will be to lobby the Ontario government to allow for an increase in retail outlets selling legal recreational marijuana products.

Investors eyeing the cannabis sector for growth opportunities on the backs of these developments have a number of strong possible plays. One of them is **Village Farms International** (TSX:VFF)([NASDAQ:VFF](#)).

Investors looking for short- to mid-term upside rather than long-term capital gains might want to go for this less well-known cannabis stock, which is geared towards the CBD market and [leverages world-class greenhouse expertise](#).

Cannabis investors seeking an ambitiously brand-conscious producer could alternatively snap up shares in the popular **HEXO** ([TSX:HEXO](#))(NYSE:HEXO).

Perceived as a less-followed entry point into Canadian pot stocks, HEXO is nearing profitability, which is the Holy Grail of marijuana companies right now. One to watch ahead of Cannabis 2.0, HEXO’s strong projected revenue for next year makes the stock a solid frontrunner.

The bottom line

The cannabis industry could benefit from stimulation, even with the added speculation around October’s effective reboot. Developments could move fast this week, and investors could see some strong positive momentum in the Canadian cannabis space as a result.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. TSX:HEXO (HEXO Corp.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Date

2025/08/24

Date Created

2019/09/30

Author

vhetherington

default watermark

default watermark