



5 Top Cannabis Stocks to Buy for a Democrat Win This November

Description

Wednesday night saw the cannabis space get doused with lighter fluid. And all it took was four words. Those words, spoken by Senator Kamala Harris, were, “We will decriminalize marijuana.” They were uttered during her debate with Vice President Mike Pence, and they were all it took to [set cannabis stocks soaring](#). However, the political situation in the U.S. could be cranking up the risk in the cannabis patch to unacceptable levels. Here’s what to watch.

Wild upside in cannabis stocks

Canadian Thanksgiving saw **TSX** investors continuing to feast on the chewed-up cannabis sector. **Canopy Growth** was among the top winners as investors continued to eye this celebrity-endorsed as an eventual market leader. But while Canopy was up 7.1%, **Aphria** had galloped 9.4% by the time Canadians were sitting down to lunch. And **HEXO** had also shot up 6.8% while shareholders were still at table.

Picking up scraps were **Tilray** and **Village Farms**, with 1.6% and 2.2% gains, respectively. Some of these names have been among the most turbulent during this period of [increased bullishness](#). Though positive by 23% for the week, Tilray was down 4.4% the next day. Canopy managed to remain positive the next day, up by a percentage point, and sitting on five-day gains of 22%. Clearly, cannabis investing is not for the faint of heart at the moment.

A dangerous space to play this fall

It’s clear, then, that a Democrat win is expected by at least some cannabis investors. But it’s also important to note that investors in cannabis are not necessarily cannabis users, and don’t even necessarily approve of its use. In fact, to many investors, cannabis stocks are just tickers at the end of the day. In other words, as far as some growth and momentum investors are concerned, those two characteristics could come from anywhere.

This makes the politicization of cannabis stocks during the U.S. electoral race an interesting

phenomenon to observe insofar as it affects the stock markets. Why? Because the rise in pot stocks after last Wednesday's debate suggests that a Democrat win might therefore be expected by a broad swathe of investors. In short, a green bubble could be getting blown up by investors bullish on a "blue tsunami."

But this has big implications. If the markets are both *expecting* a Biden win, but also *hoping* for a Trump win, the actual outcome of the November election could cause massive volatility in equities. Losses in oil stocks could be big if former VP Joe Biden takes the White House, for instance. On the other hand, if Trump holds onto power, cannabis shareholders can expect to see their assets comprehensively shredded.

This last point is worth noting. The Republicans have been reliably anti-marijuana, which means that cannabis investors are unlikely to prosper under a second Trump term. Such an outcome could see TSX cannabis stocks become unacceptably toxic in a personal investment portfolio. As such, shareholders expecting a Republican victory may want to start cashing in those pot stocks before November comes around.

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