



ALERT: Why Cannabis Stocks Can Celebrate Today!

Description

The United States Presidential Election took place yesterday and big turnout reflected the intensity of the contest in 2020. At the time of this writing, top battleground states like Michigan, Pennsylvania, Wisconsin, and Georgia were still tallying votes. Earlier this week, I'd discussed why the presidential race held [little promise](#) for cannabis stocks.

At best, Biden and Trump have been ambivalent on the cannabis question. However, I'd also discussed legalization votes that were set to take place in several states. On this front, there is cause for celebration.

Recreational cannabis legalized in New Jersey, Arizona, and Montana.

Big results in the United States could propel cannabis stocks

While votes for the presidential race are still being counted, we have some big news on votes for cannabis legalization. Arizona, New Jersey, and Montana have all voted to legalize recreational cannabis use, according to current vote projections. South Dakota will be the first state ever to approve medical and recreational cannabis measures at the same time. As we know in Canada, the vote is just the beginning. It will take time for recreational legalization to take shape.

Regardless, it is a very good result for an industry that's sweeping across the United States. Canadians should watch cannabis stocks closely for the rest of this week. Indeed, could this result and improved sentiment south of the border give cannabis stocks a much-needed second wind?

Could cannabis get a second wind in the months ahead?

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) was one of the stocks I was [bearish](#) on ahead of the presidential election. Canada's recreational legalization rollout has been imperfect, to put it nicely. Top producers like Canopy Growth are reliant on international expansion as domestic results have been sluggish.

Shares of Canopy Growth have climbed 43% month-over-month as of close on November 3. In October, Canopy announced a new distribution partnership with two major alcohol distributors; Reyes Beer Division and Manhattan Beer. Canopy aims to leverage these partnerships to bring its sports hydration brand, BioSteel, to U.S. consumers. This could pave the way for CBD and cannabis-infused beverages in the U.S. going forward.

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB) is another top Canadian cannabis producer. This cannabis stock has plunged 80% so far this year. However, its shares have increased 22% week over week. Still, Aurora will need to build much more momentum to make up for its struggles over the past 12 months.

Its inability to score partnerships with major distributors, like Canopy has, is one of the reasons it has lost investor confidence. Strategist Nelson Peltz was brought on to facilitate a deal in that arena. Unfortunately, such a deal never materialized. Peltz resigned from Aurora Cannabis in late September.

On the plus side, this cannabis stock does boast a very favourable price-to-book value of 0.4.

More good news may be on the way for cannabis stocks

After today's votes, one in three Americans now live in a state where recreational cannabis is legal. The world's largest cannabis market has steadily liberalized over the last decade. Cannabis stocks like Canopy Growth and Aurora Cannabis will be in a great position to benefit if this trend can continue over the course of this decade.

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1. Cannabis Stocks

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