



Cannabis Index Rise 2.99%: Brace for a Marijuana Boom in 2022

Description

Should investors in the cannabis space prepare for a marijuana boom in 2022? On November 12, 2021, the Canadian Cannabis LP Index rose 2.99%. Industry leaders **Canopy Growth**, **Aurora Cannabis**, and **Cronos Group** led the charge with gains of 12.77%, 12.49%, and 10.39%, respectively.

Others, like **Hexo** and **OrganiGram Holdings** ([TSX:OGI](#)) ([NASDAQ:OGI](#)), gained more than 6%. However, not all leading names are [winning investments](#) in 2021. Hexo and Canopy Growth are losing by 52.25% and 38.83%, respectively, year to date. Aurora Cannabis is up by only 1.13%. OrganiGram is the high-flying [growth stock](#) with its 76.33% gain.

While it's been extremely challenging for weed stocks in the last 12 months, the index's 57% advance in September is encouraging. Likewise, the latest development in U.S. Congress seems to suggest the federal legalization of marijuana might come sooner than later.

New draft legislation

On November 5, 2021, reports came out that Republican congresswoman Nancy Mace submitted draft legislation titled the States Reform Act. The measure is circulating among stakeholders for their feedback. While it's temporary, the filing of the final draft or version could be in late November.

The Democrats want to pass large-scale marijuana bills, which the other side opposes, whether in the House or the Senate. Somehow, the proposed measure of Rep. Mace could be the compromise that conservatives and progressives could agree on.

De-scheduling of marijuana

The congresswoman's draft legislation aims to de-schedule marijuana federally and create a regulatory scheme. It also ensures that no existing markets would be unduly burdened nor undermined by new rules. The proposed federal de-scheduling means the treatment of cannabis would be the same as the treatment for alcohol.

Other draft details include tasking the Treasury Department's Alcohol and Tobacco Tax and Trade Bureau (TTB) to be the chief regulator for marijuana concerning interstate commerce. It limits the regulatory authority of the Food and Drug Administration (FDA) too in that it would relinquish control over cannabis like with alcohol.

The FDA would have a say on prescribing serving sizes of medical cannabis and approval or regulation of marijuana-based pharmaceuticals. However, the agency could not ban the use of cannabis or its derivatives in non-drug applications.

If approved, Mace's bill would incorporate existing state-licensed cannabis operators into the federal scheme. Last, the Bureau of Labor Statistics (BLS) must issue a report to Congress on the marijuana industry.

Top pick

If you were to invest in cannabis today, OrganiGram is the top pick for its consistent performance. At \$2.98 per share, the trailing one-year price return is 104.11%. Based on market analysts' forecasts, the [upside potential](#) is 33.89% (\$3.99). In Q3 fiscal 2021 (quarter ended May 31, 2021), net loss versus Q3 2020 reduced significantly by 96% to \$4 million.

The \$890.37 million licensed cannabis producer's gross revenue climbed 31% to \$29.1 million. OGI's Chief Strategy Officer Paolo De Luca said, "The ongoing investment in our genetics and cultivation program has yielded some exciting new dried flower products." The revitalized product portfolio and upcoming product launches are its competitive advantages for the near term.

The long wait could soon be over

A scaled-down measure with safeguards could be the key to the federal legalization of marijuana in the United States. The long wait could be over in early 2022.

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