

Cannabis Stocks Surge Following Trump's Comments on Cannabis

Trump's Shift on Cannabis Reform Spurs Rally in North American Cannabis Stocks

August 9, 2024 — North American cannabis stocks experienced a notable rally following former President Donald Trump's recent comments suggesting a more favorable stance toward federal cannabis reform. Trump's statements, made during a press conference at Mar-a-Lago on August 8, have sparked significant movement in the cannabis market.

Trump's Remarks on Cannabis Decriminalization

During the press conference, Trump indicated a shift in his position on cannabis, hinting at support for federal decriminalization. In response to a question about the Biden administration's efforts to reclassify cannabis and Vice President Kamala Harris' stance on low-level cannabis offenses, Trump acknowledged the growing trend of cannabis legalization across the United States.

"As we legalize it, I start to agree a lot more because, you know, it's being legalized all over the country," Trump remarked. This comment represents a departure from his previously hardline stance on cannabis reform and has significantly impacted market sentiment.

Market Reaction and Stock Performance

Trump's comments led to a surge in cannabis stocks across both the U.S. and Canada. The New Cannabis Venture's American Cannabis Operator Index, which tracks the stock prices of the 12 largest U.S. cannabis operators, surged nearly 10% on Thursday following Trump's remarks. However, the index saw a slight correction, falling by about 1.5% on Friday.

Similarly, the Canadian Cannabis LP Index, which reflects the performance of major Canadian cannabis companies, increased by over 7% on Thursday before experiencing a retreat of over 2% the following day. The AdvisorShares Pure US Cannabis ETF also saw a swift rise of 8.1%, with Florida-based multi-state operators (MSOs) such as AYRWF and TCNNF experiencing double-digit gains.

Potential Impact of Florida's Amendment 3

In addition to his remarks on federal reform, Trump also mentioned that he would soon announce his position on Florida's Amendment 3, a ballot measure that could significantly impact the cannabis industry. Amendment 3, set to appear on the November ballot, seeks to legalize recreational cannabis use in Florida.

The potential passage of Amendment 3 could be a game-changer for Florida's struggling cannabis businesses, boosting profitability and driving up stock prices for state-centric MSOs. If Trump endorses the amendment, it could bolster its chances of passing and encourage Florida's legislature to expedite its

implementation.

Industry Implications and Future Outlook

Trump's evolving stance on cannabis reform, combined with the potential legalization in Florida, signals a pivotal moment for the cannabis industry. For investors and cannabis companies, these developments could represent a turning point, potentially leading to increased market stability and growth.

As the industry awaits further announcements and legislative actions, the rally in cannabis stocks highlights the significant influence that political figures and policy changes can have on market dynamics. The coming months could prove crucial for the future trajectory of the cannabis sector in North America.

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