

The Cannabis ETF

12:04 08 Jan 2021

Cannabis stocks surge as Democrat Senate wins raise hopes of US decriminalisation

The recent success of Democrat candidates Jon Ossoff and Raphael Warnock in elections for two US Senate seats in the state of Georgia has proven to be a boon for North America's cannabis firms.

Since the results of the two votes on Wednesday, which saw the two candidates unseat Republican incumbents David Perdue and Kelly Loeffler, shares in some of the world's major cannabis groups have seen sharp increases in value.

Shares in Canadian cannabis group Canopy Growth Corp (NASDAQ:CGC) have risen 11% since Wednesday morning to US\$30 as of Thursday's close in New York, while its peer Aurora Cannabis Inc (NYSE:ACB) climbed 5.2% to US\$10.20.

A number of exchange-traded funds (ETFs) focused on the space also received bumps as the results emerged, with ETFMG Alternative Harvest ETF (NYSE:MJ) having risen 11% to US\$17 while Cannabis ETF (NYSE:THCX) jumped 12.5% to US\$15.30.

The victory of Ossoff and Warnock, which has effectively handed Democrats control of the Senate, has raised hopes that federal regulation of cannabis could be relaxed as part of the legislative agenda of incoming president Joe Biden.

Biden and his vice president Kamala Harris have taken a more reformist approach to the drug than their Republican counterparts, while the Democrat-controlled House of Representatives previously passed legislation calling for cannabis to be decriminalised at the federal level.

The Marijuana Opportunity Reinvestment and Expungement (MORE) Act passed by the House aims to remove cannabis from the US Controlled Substances Act and aims to erase certain federal convictions and essentially decriminalise the drug nationally for the first time.

If passed, the MORE Act is expected to encourage investors and larger corporate entities that have previously been hesitant to become involved in the US cannabis industry due to federal prohibition, potentially providing a boost to the sector and the wider economy.

The US cannabis market is also estimated to be worth US\$130bn by 2024, a potentially lucrative source of tax revenues for the government.

Price: 19.77

Market Cap: \$174.96 m

1 Year Share Price Graph



February 2020 October 2020 February 2021

Share Information

Code: THCX

Listing: NYSE

52 week	High	Low
	30.07	6.28

Sector: Cannabis

Website: thcxf.com

Company Synopsis:

THCX was constructed to make investing in cannabis easier by helping investors get exposure to a basket of stocks that are expected to benefit from growth of the hemp and legal marijuana industries.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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