

Will Canada become the new powerhouse for cannabis investment after October 17?

In a few days Canadians will be able to purchase recreational cannabis from a government approved or owned and operated dispensary or store. This takes the so called illicit drug from back alley deals and busts to a Government collecting taxes on every cannabis product sold. You could argue this is the biggest policy change in generations. The cannabis recreational use legalization will bring significant cultural, social, and workplace changes and it will create economic opportunities for all those associated with the sector. Until now Cannabis was only legal for medicinal use in Canada since 2001, but despite all this it is still the most commonly used illegal drug both in the world and the United States.

Canada will legalize recreational cannabis use from October 17, 2018

Canada will become the second country in the world behind [Uruguay](#) to allow adults to legally purchase marijuana for recreational use. Canada will be able to use its cannabis head start to become a global powerhouse in the sector, with investors looking to Canadian marijuana stocks to boost their portfolios.

Canopy Growth Corp. CEO Bruce Linton said: "The last time we had this much of a lead on anything it involved a guy named Bell making a phone call."

Cannabis stocks have been among Canada's best performing stocks in 2017-18, as many US companies have rushed to list in Canada. Two major publicly traded marijuana companies, Canopy Growth and Aurora Cannabis, are now valued at C\$15 b and C\$13 b respectively. Taken together, they're worth more than

Canadian Tire. Canadian marijuana companies are already exporting their marijuana, technology, and expertise all around the world. This puts them ahead of the competition including the US cannabis industry.

The Canadian Marijuana Index



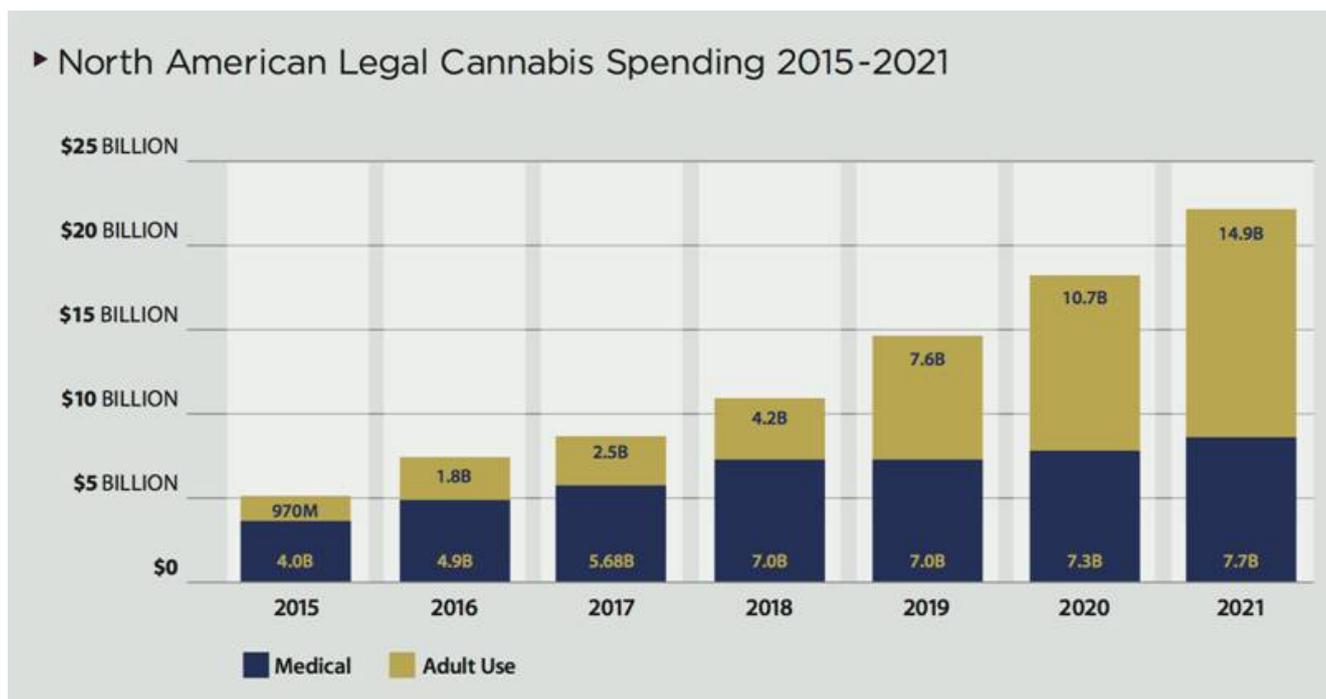
The Canadian Marijuana Index

What happened in Uruguay after recreational use cannabis was legalized?

The Canadian cannabis industry may become an international social and economical test case for legalized pot. But what has happened in Uruguay? Many people arrived there with huge expectations thinking they could easily buy high quality cannabis. But that was not the case at all as less than two dozen pharmacies signed up to sell marijuana and the quality was very poor. To purchase marijuana in Uruguay you also have to be a citizen and go into the government's system to buy cannabis. Uruguayans must provide personal information and even their fingerprints to buy cannabis. This has created a black market as many are not comfortable with this. In Canada tourists and visitors are allowed to purchase cannabis. For these reasons Uruguay's legal marijuana industry hasn't been the massive success that some people thought.

Cannabis industry growth forecasts

Deloitte estimates that the Canadian marijuana market could become a \$4 billion to \$9 billion market once recreational use is legalized. The Canadian marijuana market is currently estimated to be worth around \$400 million. That means Canada's legal marijuana economy is set to grow at least tenfold in size. This alone is reason enough to invest in Canada's marijuana economy.



What's next with the cannabis sector after October 17?

Looking at the chart above the North America cannabis sector is set to almost double in the next 2 years. Of course Canada may see many multiples of this if Deloitte estimates prove correct. I suspect the Canadian cannabis stocks may fall back in the shorter term after a record run; however moving into 2019 and 2020 the fundamentals look very good.

Each year everyday people are getting more familiar with the cannabis industry, which leads to greater investor interest. On October 17 2018 history will be made in Canada and I expect some very large pot parties will be going on. It will be most interesting to look back and reassess in a year from now.