

Cannabis 2019 in review, and what to expect in 2020

2019 was a reset year for cannabis investors, especially for those invested in Canadian cannabis stocks; however, 2020 is set to be much better as the US considers decriminalization of cannabis at the federal level.

A review of cannabis in 2019

2019 may be remembered in the cannabis world as the year of reset in cannabis stock valuations. In 2019 several factors conspired to make it a rough year for cannabis stocks. Following cannabis legalization in Canada in October 2018, valuations soared in 2019 which many believed was too high.

Canada's slow provincial licensing and retail rollout made many companies' optimistic forecasts impossible to achieve. Ontario, the most populated province in the country, didn't have retailers up and running until April. Most recently, it conducted a second lottery that allowed the number of retail stores to rise from 25 to 50. By comparison, Alberta, which has a fraction of Ontario's population, has approved more than 300 retailers.

Government issues aside, the legal cannabis industry is a new baby, with many teething problems. Building a new industry from scratch is hard and will always be confronted with starting problems.

The introduction of more retail outlets in Canada and new products like edibles and beverages should eventually put companies' sales and margins on a faster path to profitability. But this will take time and it will be way into 2020 before edible products are ready at the retail level to reflect in earnings reports.

Canada's cannabis industry has been full of problems, and they aren't all sorted out just yet. While it's one year in, the Canadian market still has a long way to go. In the U.S. cannabis stocks, there is a lot to be optimistic about in 2020, as the momentum to federally legalize cannabis moves in a positive direction.

There is new legislation in front of Congress to allow U.S. cannabis companies to conduct financial services without fear of penalty. The Secure and Fair Enforcement Banking Act, would pave the way for financial institutions to do business with cannabis companies. Also, the 2018 US farm bill legalizing hemp growing will be a huge boost to the sector in the coming years.

There is still a lot to be optimistic about in the cannabis sector in the years to come with many experts saying cannabis sales will increase due to fast-tracked government licensing and more US states legalizing or decriminalizing cannabis.

Originally lead by medicinal cannabis there is now a global revolution underway changing attitudes towards cannabis use. The legalization for medicinal use is paving the way for a broader liberalization with history suggesting that when medical cannabis is permitted it is often the prelude to broader recreational access.

US related cannabis stocks should do well in 2020 if cannabis is decriminalized in the US



What's ahead for cannabis in 2020?

In mid November 2019 the US House Committee approved the new cannabis bill. If passed in 2020 by the US Senate, it would lead to the decriminalization of cannabis use in the USA. Cannabis is already legal for recreational use in 11 US states, and for medical use in 33 states. President Trump was quoted: "I probably will end up supporting that, yes." Investors can read more on what's ahead for cannabis [here](#).

Mexico may also legalize cannabis in 2020. Congress must decide by April 30, 2020, so we should know soon enough.

The cannabis industry is rapidly undergoing acceptance both for medicinal and recreational use. In a few short years, cannabis has gone from a criminalized drug to a multibillion-dollar global boom, at least in Canada and certain US states. The US federally and Mexico look set to follow soon. If the US decriminalizes cannabis in 2020, then I would expect 2020 to be a breakout year for US related cannabis stocks.

Two cannabis stocks we like for 2020

Cultivar Holdings Inc. (CSE: CULT) has research in related cannabis fields like Predict MEDiX (AI based solutions) that can detect levels of marijuana consumption and impairment in the body. They are also developing other cannabis consumables including infused tea products and cannabis based cosmetics.

FinCanna Capital Corp. (CSE: CALI | OTCQB: FNNZF) provides financing to top-tier companies in the licensed medical cannabis industry in exchange for a royalty on revenues. In the rapidly emerging California market, it is FinCanna's vision to be the capital partner of choice in the licensed cannabis industry.