



## The Potential in Europe's Cannabis Market Should Motivate You to Buy These 2 Cannabis Stocks

### Description

The [Ontario election](#) is not the only crucial vote to be decided on June 7. As of this writing, senators are set to hold a vote on cannabis legislation on the same night. If the bill is passed, it will head to the House of Commons for final approval. If it does not pass, we may be headed for a disappointing delay that could stretch into the fall and winter months.

In early 2017, the market research firm Arcview and its research partner BDS analytics released global growth projections for the cannabis industry. The report estimated that spending on legal cannabis worldwide will hit \$57 billion by 2027. It expects the adult-use recreational market to make up 67% of spending with medical cannabis making up the remaining 33%.

The report projects that North America will be the largest consumer, growing from \$9.2 billion in 2017 to \$47.3 billion in 2027. In the U.S. and Canada, recreational sales are expected to power growth. Europe will boast the largest medical cannabis market in the world with the support of European government-subsidized healthcare systems.

Germany, the most populous country in Europe, is expected to lead the continent's cannabis market. Italy is projected to come second with \$1.2 billion in sales by 2027. **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has already made huge strides in Europe. In the third quarter of fiscal 2018, the company reported record quarterly sales of \$1 million in Germany. Its wholly owned subsidiary Spektrum Cannabis GmbH sold 78 kilograms in Germany, all of which were sourced from Canadian domestic production.

The second edition of the European Cannabis Report was released in late 2017. The London-based advisory group prohibition partners made projections for the market over the next five years. It suggests that with 12% of the continent's population either "irregular or intensive" consumers, the overall market will reach \$66.8 billion. The report expects the medical cannabis market to reach \$42.8 billion and the recreational market to hit \$24 billion.

**Aurora Cannabis Inc.** ([TSX:ACB](#)) kicked off 2018 by accelerating its European expansion. It entered

a joint partnership with Alfred Pederson & Son which grants it 51% controlling interest in Aurora Nordic Cannabis A/S. In May, Aurora signed an agreement with Heinrich Klenk GmbH & Co. KG, one of the largest medical plant companies in Europe.

Aurora reported revenues of \$16.1 million in the third quarter of fiscal 2018. It reported \$2.3 million in sales of dried cannabis internationally. The company has said that it has been constrained by supply availability, but in the second half of this year, it expects to increase its international shipments. Aurora also projects that it will be able to establish a significant foothold in Italy after winning its first tender.

### **Potential of European market makes both long-term holds**

Over the past month, [Aurora](#) and Canopy stocks are up 21.9% and 35.7%, respectively. This is as of early afternoon trading on June 7. There are still some hurdles for recreational cannabis in Canada, but both of the above companies have made great strides in a strong European market.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NASDAQ:CGC (Canopy Growth)
2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
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1. Investing

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