



Cannabis Investors: Why You Shouldn't Expect Much on October 17

Description

Cannabis stocks have been flying for the past few years, and with legalization [now out of the way](#) and a date set for recreational pot sales, expectations continue to get higher. However, there's more proof than ever that the government is simply unprepared for legalization and why the kick-off for recreational pot sales will start without much fanfare.

In British Columbia, a province known for its cannabis, there will be just one store ready for business. It won't even be in the Lower Mainland. If you want to buy pot in the province inside a physical store, you'll have to go to Kamloops to do so. While you should be able to buy pot online, at this rate hopeful buyers shouldn't be holding their breath that that will go as planned either.

This is just the latest sign that the governments don't know what they're doing and why both consumers and investors shouldn't expect much right out of the gate. While the province expects to have more stores open in the months after legal sales become permitted as it processes applications, how long that will take is anyone's guess at this point.

Why does this matter?

While over the long term this will have a nominal impact in the grand scheme of things, in the short term this could lead to a lot of fluctuation in both sales and stock prices. British Columbia is expected to be a big market for cannabis, and without proper distribution setup, it'll ensure sales will be underwhelming, at least in the early stages.

Ontario, home to cannabis giant **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), is going to be even more backed up, as sales there will initially be online only, and [it won't be until April that cannabis will be sold through private retailers](#). While it is an improvement from Ontario's previous model, where all sales were to go through government-run stores, this too will slow down sales in the industry.

Realistically, it might take another six months after pot sales begin that we see what the demand and supply for pot truly look like, and just how much of an imbalance there is. While this gives Canopy Growth and its rivals more time to plan for when stores will be more widespread, for investors, it's just another delay in a process that was supposed to have been done by now.

Bottom line

Investors that may have been expecting pot stocks to take off after October 17 might be sorely disappointed. The government's mismanagement of the new industry is going to cause delays in the process and slow down companies like Canopy Growth and others that may have been expecting a better result right out of the gate.

In the end, this will give pot stocks a bit more time to get things in order, as investors may have otherwise been expecting big things for the first quarterly results following the start of recreational pot sales. That being said, I'm still skeptical about whether the sky-high projections for demand will be realized.

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1. Editor's Choice

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