



Legal Cannabis: A Year in Review

Description

It's been exactly one year and a day since the legalization of recreational cannabis in Canada. I'm happy to report that the first year has been a stunning success.

Canada's provinces have been forward-thinking in constructing a progressive cannabis policy that favours consumers. Overall, Canada has delivered a stellar experience that has set an example worldwide.

Just kidding! Legalization was met with [tremendous excitement early on](#), but the industry was struck by supply issues in the opening weeks. Provinces like Ontario and Quebec have been mired in debate over cannabis' retail footprint, and even now accessibility is a problem. The wishy-washy rollout has allowed the black market to rebuild its footprint in the sector.

Let's review the bad and the good for the sector over the past several months, and then I will give a final grade for the one-year anniversary.

Big producers are pushing for profitability

Shares for the largest producers have encountered volatility since last spring. **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) stock has dropped 42% over the past three months as of early afternoon trading on October 18.

In the first quarter, Canopy Growth reported a hefty \$1.28 billion loss compared to a \$91 million loss in Q1 fiscal 2019. The company said that most of the loss was due to a \$1.18 billion non-cash loss on the extinguishing of warrants held by its partner, **Constellation Brands**.

Canopy Growth was forced to push back its forecast for profitability after the disappointing quarter. The company says that it will now require another three to five years before it's able to turn a profit.

On the bright side, Canopy Growth is flush with cash and investing aggressively on a global scale. Contrast its early setbacks with **Aurora Cannabis**, which has also been forced to push back its

profitability forecast while wrestling with cash issues.

The dawn of “Cannabis 2.0”

The next round of cannabis legalization got underway yesterday. Edibles are now legal for recreational consumption, although products will not officially launch until December. These products will range from chocolates, to gummy candies, to cannabis-infused beer. The new law limits edibles to containing 10 milligrams of THC.

Industry experts expect that this new wave of legalization will bring in fresh customers. Consumers who are uncomfortable with smoking or vaping now have alternative methods. The edibles market in Colorado has grown to over one-third of total sales.

A study by Deloitte estimated that the market for cannabis edibles could be worth roughly \$2.7 billion a year in Canada. The report projects that more than \$1.6 billion will be spent annually on edibles and nearly \$530 million on cannabis-infused drinks.

This explosive potential is one of the reasons I'd recommended investors [try to get in early](#) on stocks that are positioned to benefit from this new wave of legalization.

The grade so far: C

The rollout for recreational cannabis has been predictably chaotic, and there are major areas for improvement in the second year. Consumer accessibility is something provinces will need to work on in order to combat the black market.

This means more retail locations in provinces like Ontario and Quebec. Supply issues should be in the rear-view mirror in 2020 as producers draw closer to their production targets.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis Stocks

Date

2025/08/16

Date Created

2019/10/18

Author

aocallaghan

default watermark

default watermark