



## New Cannabis Data Proves Why This Market Is Still Heading Higher

### Description

The cannabis market has gone cold — or at least the stocks have. This year, most marijuana ETFs are down more than 50%. Stocks of both big and small companies alike have cratered. Nearly every competitor has been impacted.

This type of contraction is commonplace in emerging markets. According to the Gartner hype cycle, a well-known tool for predicting the rise of high-growth industries, most innovations first experience a boom-bust period before gaining long-term traction.

The dot-com bubble is a perfect example. In the late 1990s, internet stocks were going through the roof only to crater the following year. Despite the severe contraction, however, the digital age was just getting started. Over the next two decades, stocks like **Amazon.com, Inc.** and **Microsoft Corporation** accrued *trillions* in value.

Judging by the fundamentals, the cannabis market is experiencing the same phenomenon. Last year, pot stocks were doubling and tripling in price on a regular basis.

This year, expectations came crashing down to reality. Still, new data suggests that the long-term prospects remain bright. If you want to capitalize on this [emerging industry](#), there's never been a better time.

### New data is encouraging

According to *CNN*, “Those companies and others that tried to live up to sky-high valuations and overly optimistic projections are being greeted by stark realities: New cannabis markets take time to develop, and ongoing regulatory limbo only fuels uncertainty.” This analysis is spot-on.

After spending decades being banned by nearly every country in the world — indeed, cannabis is still federally illegal in the U.S. — cannabis has slowly been crawling out into the limelight.

If other highly-regulated industries are any indication, the path forward won't be easy. Both alcohol and

tobacco have faced their own shares of scrutiny, punishment, and prohibition over the centuries. Cannabis will be no different.

The road will be bumpy, but long term, the future is bright. **Cowen Inc** expects global sales to grow by over 30% per year. By 2025, worldwide sales could surpass \$70 billion.

Many analysts expect the total market value to eventually hit \$200 billion. That's not surprising considering global tobacco and alcohol sales total a combined \$2 trillion.

According to new research compiled by Prohibition Partners, an independent data source for the cannabis industry, legal marijuana could surpass \$100 billion over the next five years. That's several billions higher than estimates from other firms, although it's important to note that these other firms have also been boosting their projections lately.

Prohibition Partners' lengthy report contained other surprises, too. The firm believes Europe will eventually surpass North America as the largest source of sales, medical sales will grow faster than recreational sales, and the U.S. will legalize cannabis by 2024. That last point is a big factor in its \$100 billion sales projection.

Which stocks will benefit is still uncertain. Companies like **Cronos Group** have tied themselves at the hip with large partners like **Altria Group Inc**.

Meanwhile, companies like **Hexo Corp** are focused on becoming full-fledged cannabis platforms. The future is still unclear, but according to Prohibition Partners, it will be flush with cannabis sales.

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