



## PAUL COHEN'S *Marijuana Hub*



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### THE MARIJUANA STOCK MARKET CONTINUES TO CRASH

- ▶ The Cohen Grassroots Marijuana Index has dropped to a year low, down 84% from its highs last March, 2014.
- ▶ This is a spectacular round trip. We have followed our 96 company, Three Tier market closely and continue to monitor this carnage.
- ▶ Analyzing the entire market we still come up with 4 major salient facts. Clearly there are more facts.
  - ▶ 1. This industry cannot sell much. Last 12 months average sales on average are minimal.
  - ▶ 2. The industry has negligible cash. Companies are being run on shoe strings.
  - ▶ 3. The industry has financed itself with paper. Continual paper is being issued to stay alive.
  - ▶ 4. Question marks regarding legislation, regulation and industry direction create indecision.
- ▶ One has only to look at total shares outstanding to realize that as these companies grow, they don't have the cash to finance their business models. And management is lacking.
- ▶ The more shares issued, the less valuable a company is unless it balances shares outstanding against sales, cash and cash flow. Too few companies in our index have sustaining power.
- ▶ Stock markets ultimately look at long term sustainability of intrinsic value. It is just not there today.
- ▶ This is a new industry. Value has not been proven in an environment of question marks. Floods of press releases will not turn this market around or individual stocks. Hence, the current market crash.
- ▶ How long will this last? My view is: until value can be earned, seen and quantified.