

Marijuana will add \$8 billion to Canada's economy — at least on paper

By Chris Fournier

September 19, 2018 – *Financial Post / Bloomberg News*

Canada's measure of real gross domestic product will get a boost after the legalization of marijuana adds as much as \$8 billion to the country's economy, according to Toronto-Dominion Bank.

Statistics Canada will begin including "licensed and unlicensed cannabis activity" in its economic calculations after the Oct. 17 roll out, which will have an impact on measured growth rates in the final quarter of 2018 and first quarter 2019, TD says. The bank cautions that the increase to growth is actually an accounting illusion, because some of the cannabis-related trade already existed in the economy but wasn't formally captured in most measures of output.

TD raised its fourth-quarter growth forecast to 2.9 per cent, from 2 per cent previously, to incorporate the "level lift" from the inclusion of the weed data, according to a report by authors including Chief Economist Beata Caranci. A smaller lift would follow in the next quarter. The technical changes, coming at the end of the year, would "flatter" the annual growth figures for 2019, said TD, which increased its forecast for the year to 2.2 per cent, from 2 per cent previously.

The growth rates will then be revised back toward their true value as the agency begins to incorporate historical data, TD said in the report, adding "this amplified high in the growth outlook should thus be discounted when taking the pulse of the economy."