



This Stock Just Flew 54%: Why Young Investors Should Get in Before it Jumps Again

Description

Shares of **Charlotte's Web Holdings Inc** ([TSX:CWEB](#)) have [soared more than 54%](#) since the third week of June.

In this post, I'll do my best to explain why I think that rather than feeling as though they've lost out, investors, and particularly younger investors, shouldn't be too quick to pass up on the exciting opportunity to buy a stake in the market's leading cannabidiol ("CBD") producer.

[The market for CBD is growing fast](#), there's no question about it, but if you're newer to following the market for cannabis stocks, there's a chance that perhaps you don't quite understand where CBD fits into to the bigger picture.

Essentially, CBD is a chemical compound, otherwise known as cannabidiol, that's derived from the hemp plant.

For those who may not be all that familiar with hemp, it's a plant with an extensive track record of use throughout our planet's history, including being used by ancient Chinese and Mesopotamian civilizations, and serving as both a source of food and input to the manufacturing process for various clothing and household items.

More recently, however, the hemp plant is being used to extract CBD, which is then used as part of a compound to treat everyday ailments such as anxiety, joint pain and headaches.

These are virtually the same applications that medicinal cannabis has been used for over the past decade or so, yet the difference with CBD is that it doesn't carry any associated psychological side effects.

This means that in theory, users should be able to carry out their everyday lives without experiencing the feeling of being "high" or "intoxicated" unlike what one might come to expect with traditional cannabis use.

One particularly appealing application would be for younger users like Charlotte Figi, a young girl dealing with epileptic seizures whose well-being benefited significantly from the use of CBD applications and was featured in a CNN documentary that aired in August of 2013.

CWEB has been quick to move on the opportunity for CBD demand, growing its revenues by 74% last year, with 57% of those sales coming from e-commerce channels and generating a substantive 30% adjusted EBITDA margin in the process.

Today Charlotte's Web is the number one CBD brand by market share, with over 7,000 retail locations and more than 862 acres scheduled for planting in 2019.

But with the stock up already 21% so far this year and up more than 54% since June after suffering a short-lived sell-off earlier in the spring, investors are certainly beginning to take notice of what this company is doing.

However, that doesn't mean that you're too late if you're hearing about CWEB for the first time – far from it, in fact.

The market for U.S. hemp-derived CBD is expected to reach upwards of US\$6 billion by 2023 versus only an estimated US\$1 billion today based on research from Hemp Industry Daily.

If CWEB can do its part to secure its fair share of that market this latest spurt in its share price could prove to be only just the beginning for *Foolish* readers.

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