



## Curaleaf (CNSX:CURA) Leads Cannabis Gains in the Last 2 Days

### Description

Several cannabis stocks were trading at their 52-week lows at the end of October 1, 2019. The last two days have shown signs of an uptick. Shares of **Aurora Cannabis**, **Aphria**, and the **Horizons Marijuana Life Sciences ETF** were up 6%, 3% and 3% respectively, in the last two trading days.

However, shares of **Curaleaf** ([CNSX:CURA](#)) have gained over 25% this month, easily outperforming its peers. Despite the impressive gains in October, however, Curaleaf stock is still trading 40% below its 52-week high of \$15.75. This tells us something about the mayhem caused in cannabis stocks over the last year.

### What drove Curaleaf higher?

While cannabis stocks were bound to move higher at some time after an elongated period of market correction, Curaleaf investors were buoyed yesterday after it was revealed that the company's Executive Chairman, Boris Jordan, bought shares worth \$821,000 (USD).

Investors look at insider buying as a positive for the company, which indicates that the management is confident about company performance and its stock price. Jordan has also purchased Curaleaf shares worth \$18 million (CAD) earlier this year at a price of \$9.72 per share.

### Curaleaf launches the first medical flower product

On September 23, 2019, Curaleaf launched the Curaleaf Ground Flower Pods, which is New York's first medical cannabis flower product. This product will be available in four Curaleaf dispensaries.

Patients will now be able to take the medicine via medical vaporizers. According to the company's press release, "Each Curaleaf Ground Flower Pod contains 350 milligrams of active cannabinoids – a total of 700mg per 3.5g package – in a 20:1 THC:CBD ratio in Indica and -Sativa strains."

Curaleaf also launched the [Tabletop Vaporizer](#) last month. While Curaleaf was optimistic about its

latest products, the timing of its launch couldn't have been worse. The vaping scandal in the United States erupted just a few days back and has accelerated the decline in cannabis stocks.

Around 14 deaths in the U.S. have been attributed to the use of vape products. Though cannabis vapes reportedly caused one death, the demand for these products has been impacted severely.

## Curaleaf buoyant about the **SAFE Banking Act**

We have seen that the [SAFE Banking Act](#) was passed by the House of Representatives last month. The Secure and Fair Enforcement (SAFE) is a bill that protects banks who lend to cannabis companies.

The recreational and medical use of marijuana is still illegal at the federal level in the U.S., which makes banks cautious to lend to cannabis companies. The SAFE bill was approved by a margin of 321 to 103.

According to Curaleaf CEO Joseph Lusardi, the passage of the bill is an important step to normalize the ability of cannabis companies in terms of conducting business transactions. Lusardi claimed that the cannabis industry will grow from \$50 billion in 2019 to \$80 billion in 2023 and the banking act will provide safety to a variety of stakeholders.

It will also reduce the industry's reliance on cash, drive transparency higher and provide capital access to businesses which is a key driver for growth and expansion. While the banking act was passed in the House of Representatives, it still has to be approved by the U.S. Senate.

## Solid growth expected for Curaleaf

Similar to other cannabis companies, Curaleaf is estimated to experience robust revenue growth. Analysts expect company sales to rise by 230% to \$254 million in 2019, 300% to \$1.01 billion in 2020 and 52.3% to \$1.54 billion in 2021.

Curaleaf is valued at 11.5 times its 2019 sales which is line with other cannabis stocks. The question is, can Curaleaf sustain its upward spiral?

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