



## 3 Cannabis Developments Investors Need to Know About Today

### Description

The cannabis investment space is never short of headlines. However, three developments could have lasting implications for your favourite weed stocks over the winter. Here are three of the top legal marijuana breakthroughs to keep an eye on over the holiday season.

### China ramps up its CBD business

China could be the latest growth market for CBD. While this should be no surprise for anyone with a working knowledge of the history of the herb – China has been growing hemp for millennia – the fact that the Asian powerhouse wants to increase its standing in international markets for the compound may come as something of a surprise to casual cannabis investors.

However, China is already a key producer of CBD for the global market, and accounted for approximately 11% of the worldwide market last year. Though the country will not be involved in THC production, as the high-inducing drug is strictly illegal in the country, China will be looking to compete with Europe and the U.S. on the global CBD market.

### Tilray posts its Q3 report

International markets are likely to be key for North American cannabis companies. **Tilray** ([NASDAQ:TLRY](#)) pointed out on the Q3 conference call this week that the company's EU Campus in Portugal exported its first shipment of medical cannabis to Germany through a \$3 million deal to supply patients. Indeed, the European segment of North American cannabis companies is likely to be an important driver of growth.

However, Tilray's third-quarter results are more than a little mixed. While revenues were up by a massive 411% and kilogram equivalents sold were up 573%, the average net price per gram was down by 48%.

Investors have thrashed Tilray this past few days, sending it tumbling 7%, while a non-GAAP loss of

163% makes for uneasy reading.

## Cannabis 2.0 products will finally test the market

The [fight against the black and grey markets is ramping up](#). HEXO ([TSX:HEXO](#))(NYSE:HEXO) has brought out a new brand, Original Stash, with the explicit function of tackling underground sales by hitting where it hurts: the bottom line.

What's notable about the move is that it marks a shift in HEXO's business *modus operandi* from a skimming model to a penetration model, wherein competitors are undercut in terms of price.

On another battle front, HEXO's range of cannabis drinks will hit the shelves over the holiday period in the first test of the legal pot-infused beverages market in Canada. The cannabis drinks industry has a rough market size of around \$500 million a year.

After trading flat for a while, HEXO is down 6.3% in the last five days. However, while a "normal" stock down by a few points would be an unwelcome flash of red in a portfolio, to see HEXO trading in this range is still an improvement on its performance a few weeks ago when it led the cannabis sector off a cliff. Overall, HEXO has lost almost 60% in the last three months.

## The bottom line

HEXO has [got its act together in terms of branding](#). Its Original Stash brand, launched only recently, signals an about-face in its business model, tackling the black and grey markets by price-matching illegal marijuana prices. Meanwhile, investors are about to find out just what the market really is for Cannabis 2.0 products.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NASDAQ:TLRY (Tilray)
3. TSX:HEXO (HEXO Corp.)

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