



Meet the New CBD Stock You Should Seriously Consider Buying

Description

Let me first make a confession. The cannabidiol (CBD) stock I'm enthusiastic about isn't really new to the market. It's traded on the New York Stock Exchange since 2015. However, it *is* new to the world of CBD, which does qualify it as a new CBD stock.

And this stock is one that I think growth investors should seriously consider buying. Meet the new CBD stock that should deliver fantastic returns over the long run: **Square** (NYSE: SQ).

New to CBD

Square is already a top player in the payment processing industry. But the company completely stayed away from the cannabis market, including CBD products, for a long time. Square's stance, as articulated on its website, was that "we do not allow sellers to sell marijuana or related items on our platform."

The company still doesn't allow merchants to sell marijuana-related products using its services. Although 33 states allow the legal use of medical marijuana and 11 states allow recreational marijuana, marijuana remains illegal at the federal level in the United States.

It's a different story for CBD, though, thanks to the passage of the 2018 Farm Bill last December that legalized hemp-derived CBD products. This legislative milestone prompted Square to dip its toes into the CBD waters earlier this year, with the company launching a limited invitation-only CBD beta program.

That pilot apparently went very well. Square announced in early October that it was officially making its platform available to merchants who sell CBD products. The company now allows retailers to accept payments for CBD products online, through its card readers, or through mobile apps.

CBD could be a lucrative business for Square. The company charges between 3.9% and 4.8% of the total sale plus from \$0.10 to \$0.30 per transaction, depending on the type of payment processed. The most aggressive projection is that CBD [could be a \\$22 billion market](#). Most analysts aren't that

optimistic, but the consensus is that a large, multibillion-dollar market for CBD is on the way.

Beyond CBD

I expect that CBD merchants will flock to Square like lots of other retailers have. The company's products and services make it easier to do business. But while CBD presents a great growth opportunity for Square, there are even greater opportunities beyond CBD.

Square offers an entire ecosystem for sellers of all kinds of products and services. The company is best known for its small credit card readers you see nearly everywhere. But it also provides applications to help organizations manage their businesses, including payroll, point of sale, and marketing systems.

That ecosystem has also expanded to incorporate individuals. Square Cash App enables peer-to-peer mobile payments. This app has become more popular than similar offerings from **PayPal** and is now [a \\$500 million business for Square](#).

The company is targeting growth in other ways as well. Square has historically enjoyed tremendous growth with small businesses. It's now going after larger businesses, too. In addition, the company thinks it will be able to achieve strong growth in international markets, with the global opportunity six times bigger than the U.S. market.

Worth serious consideration

Square posted 44% year-over-year revenue growth [in its latest quarter](#). Its adjusted revenue, which subtracts out bitcoin costs, transaction-based costs, and deferred revenue adjustments related to purchase accounting, jumped 46%. Keep in mind that this tremendous growth was achieved before Square announced that it's opening up its platform to CBD retailers.

[Investing in growth stocks](#) typically requires paying a higher price tag. That's the case with Square, which currently trades at a whopping 56 times expected earnings. But I think the company's tremendous growth prospects make the stock worthy of serious consideration for long-term investors. And my view is that Square's decision to support CBD merchants makes the stock an even better choice.

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2. NYSE:XYZ (Block)

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