



The Week in Cannabis (March 20, 2020)

Weekly Commentary by Tim Seymour

CNBS
Amplify Seymour Cannabis ETF

Each week Tim covers the key headlines, developments and drivers for a sector always on the move. He focuses on three important areas: 1) Overall Market, 2) Macro/Legislative, and 3) CNBS Portfolio.

Overall Market

- The volatility over the last few weeks has been extraordinary. Most of it has been on the downside; although you see some strong rallies across the board by the end of the week.
- Performance was mixed when you look at some of the big cap names in cannabis. Curaleaf was down on the week. Canopy Growth was up last week, but this comes after a big draw down in less than 19 sessions. GTI was up last week after a rally over the course of three days. This tells you just how much volatility there is in the space. Trulieve was up and GW Pharma was down, again, a mixed market. Canada, slightly outperformed the U.S., as APHRIA and Cronos were both up.
- As the world is dealing with the Coronavirus, cannabis is now an “essential” business. And it is a relatively exciting time on the retail front for cannabis players. The change in perception and how far the industry has come is encouraging: as some states acknowledge that cannabis is essential from both a medicinal and recreational perspective; not to mention the economic benefits from the tax structure and revenues.
- Extreme market conditions and disruptions put more pressure on this industry than help it in the short run. Wholesalers are definitely seeing an uptick in demand, while dispensaries are trying to build some inventory to get them through this unknown period.
- According to Headset, one of the primary analytics groups in the cannabis sector, there is a spike in demand. Recreational sales in California, Washington, and Colorado were all up as reported through March 16. These are numbers that are probably going to be seen across all states.
- Corporate news: U.S. Multi-State Operators (MSOs) have earnings coming out this week, Curaleaf and GTI will be reporting. These are two of the bigger players that have shown the closest pathways to profitability.
- Mergers & Acquisitions and Market news: Charlotte’s Web and Abacus Health have merged together, effectively. These are two major players in over-the-counter (OTC) topical branded CBD products. There is a massive consolidation in CBD land due to a lot of brands that really just haven’t carved out any leading positions. Columbia Care reported that their sales in the middle of the Corona crisis have them up, which is about 2.3 times higher than in the same period of 2019.

Macro/Legislative

- Canadian adult use in cannabis stores is up from the previous month on a total sales basis. And this implies a 1.8 billion run rate for Canada. So you’re getting better numbers here. You’re obviously getting numbers that now incorporate the 2.0 products that had been mixed in terms of the rollouts, but certainly numbers that I think people want to see.

CNBS Portfolio

- The CNBS portfolio was down this week; again, giving you some sense of where the volatility is. Some of the top performers included CBDMD, PharmaCielo, CBD, APHRIA, MediPharm, and Cronos. On the downside, Weedmd, and IIPR. CNBS has three of the top four names in terms of year to date performance.

CNBS Holdings [click here](#)

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