

# Why Cannabis Stocks Like Cronos and Curaleaf Are Surging Today

## Cannabis Stocks Surge on Descheduling Hopes and Strong Earnings from Cronos Group

Cannabis stocks rallied today after former New Jersey Governor Chris Christie suggested that President-elect Donald Trump's pro-business stance may lead to descheduling marijuana at the federal level. Such a move would be a transformative step for the cannabis industry, allowing for greater operational freedom, access to banking, improved labor conditions, and tax reform benefits that could accelerate growth across the sector.

### Multi-State Operators (MSOs) See Major Gains

Multi-state operators (MSOs) were among the biggest beneficiaries of today's optimism, with prominent players in the industry posting double-digit gains. Verano Holdings (VRNOF) led the pack with a 21% increase, followed closely by Cresco Labs (CRLBF) with a 17% rise, Green Thumb Industries (GTBIF) up 15%, and Curaleaf (CURLF) also climbing 15%.

These substantial gains underscore the potential impact that federal descheduling would have on the cannabis industry. Currently, U.S.-based cannabis companies operate within a fragmented regulatory framework that restricts interstate commerce and limits access to traditional financial services, presenting significant hurdles for growth. Descheduling would remove cannabis from the list of controlled substances, allowing cannabis companies to expand their operations more freely, secure financing from national banks, and benefit from tax regulations applied to traditional industries.

### Cronos Group Rallies on Strong Q3 Earnings Beat

Toronto-based Cronos Group (CRON) joined the upward trend after delivering better-than-expected third-quarter results. The company reported earnings of \$0.02 per share on revenue of \$34.26 million, reflecting a 38% increase from the same period last year. These results surpassed Wall Street's expectations, as analysts had anticipated a breakeven per-share outcome on revenue of \$30.56 million. Following the earnings announcement, Cronos saw significant buying interest and is now on track for its largest daily gain since April.

Cronos' strong quarterly performance demonstrates the continued growth potential within the cannabis sector, especially among international companies with diversified portfolios. Cronos reported a healthy cash position, ending Q3 with \$862 million in reserves. This solid cash balance positions the company well to pursue expansion initiatives and weather any short-term market volatility.

### Technical Challenges for CRON Stock

Despite Cronos Group's positive earnings report and the broader sector rally, the stock is facing resistance from its 200-day moving average, a key technical level that has so far capped today's highs. A sustained breakout above this level could signal additional upside, though the stock may encounter further resistance from this trendline in the near term.

### **Industry Outlook: Descheduling's Potential Impact**

The possibility of federal descheduling under Trump's administration represents a game-changing development for the U.S. cannabis industry. Federal legalization would allow cannabis businesses to access traditional banking services and remove existing federal tax burdens like Section 280E, which currently disallows many business expense deductions, leading to higher effective tax rates for cannabis companies.

Descheduling would also pave the way for increased research and product development, as restrictions on cannabis-related research would be lifted. This would open up new revenue streams, particularly for companies focused on medical cannabis and wellness products. Moreover, the policy change would likely boost employment across the industry as companies expand operations and invest in infrastructure to support new markets.

Today's rally in cannabis stocks reflects growing investor optimism around a potential federal policy shift and robust earnings from major players like Cronos Group. With federal descheduling potentially on the horizon, multi-state operators and other cannabis companies are well-positioned for substantial growth. For now, the industry waits to see whether these regulatory changes will come to fruition under the new administration.

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