



Could This Be Your Last Chance to Buy Canopy Growth Corp. at \$10?

Description

The stock of **Canopy Growth Corp.** (TSX:CGC) has finally calmed down after having off-the-chart volatility in November. A bit of bad news sent all marijuana stocks tumbling, but as the volatility settles, investors may be looking for an opportunity to get in on this extreme growth play.

It's nearly impossible to calculate the company's true intrinsic value at current levels because it's very rare that a company is at the forefront of an emerging industry. Canopy has positioned itself to be an industry leader with some interesting acquisitions, including Mettrum Health and MedCann, both of which will increase Canopy's production capacity over the long term.

The volatility has died down this month. Is it safe to own?

Don't be tricked. Although the sell-off and short-term volatility appear to be over, the stock is still a very risky play, and more volatility could be on the horizon as we head into 2017. This is just the calm before the storm, and investors should be very patient playing the stock right now, because it could violently correct if negative rumours start making their way into the media.

If you are going to invest in Canopy, then make sure you understand that the long-term play may not work out for you if the sequence of news that is released works against marijuana stocks. This is a speculative gamble, and if you're comfortable with losing most of your investment and you're bullish on the marijuana industry, then Canopy may be a great pick, but wait until another sell-off happens next year.

What can we expect next year from Canopy?

More acquisitions of international distributors is the most likely scenario as the company looks to position itself as the worldwide leader in marijuana production. As of now, there are no regulations restricting the company from producing and distributing its product at an international scale. The same can't be said for Canopy's American peers, which are to be restricted from distributing across state borders according to a policy put forth by President-elect Donald Trump.

Canopy has its sights set on Germany as the country is considering the medical applications of

cannabis. The acquisition of MedCann was a very strategic one, and once marijuana is more widely accepted in Germany, then Canopy will see its top and bottom line soar into the atmosphere.

Canopy is moving fast, and the company is looking to expand internationally one country at a time. The growth story taking place here is unlike any that most investors have experienced before, but with great potential reward comes a huge amount of risk.

This is not your last chance to buy Canopy around the \$10 level. I suspect that another sell-off could potentially be possible next year as marijuana traders slowly start losing their patience. Don't follow the herd; wait until the herd falls off the cliff, then buy in.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Msn
2. Yahoo CA

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/27

Date Created

2016/12/13

Author

joefrenette

default watermark

default watermark