



Canopy Growth Corp.'s TSX Marijuana Niche Has Just Been Invaded

Description

Canopy Growth Corp. ([TSX:WEED](#)) has enjoyed being the only marijuana stock on the TSX since its graduation from the junior TSX-Venture exchange (TSXV) on September 1, 2016. The graduation brought about an increased focus on, new investor interest in, and a surge in the stock price of Canopy Growth.

However, that position has come to an end.

On February 6, 2017, **Aphria Inc.** (TSXV:APH) announced that it has been granted conditional approval to graduate from the TSXV to the main TSX. Aphria has to meet the TSX listing requirements by May 3, 2017.

What does that mean for Canopy Growth?

The competition is closing in.

Graduating from the TSXV to the TSX increases the visibility of a stock among institutional investors and analysts as well. For investors who choose only to focus on senior-listed stocks, Canopy has been the only marijuana stock of choice since September 2016.

However, with Aphria's arrival on the main exchange, that position is going to change. Aphria is going to compete heavily and snatch some attention away from Canopy Growth.

Now there will be two options to look at when taking a speculative marijuana gamble on the TSX — not just one.

Since its grand entry into the elite TSX senior club, Canopy Growth has generated so much interest and attention that it has hysterically lifted the stock price. This has enabled the company to go on a shopping spree, acquiring other marijuana producers and boosting market share while using the bloated share price as the transaction currency.

The entry of Aphria into the fray could dampen the growth in that buying power and slow down Canopy

Growth's share-price growth.

Canopy's listing on the TSX represented another major industry milestone. Now Aphria is joining it on the TSX to enjoy the limelight and take some share of glory away too.

As Aphria lists on the senior exchange, it may become even easier for the smaller contender to raise the much-needed capital for further capital investments in productive capacity in time for the recreational marijuana legalization that may bring a boom to the marijuana market size.

As Canopy Growth CEO Bruce Linton said back in 2016, "Listing on the TSX will bring even more visibility and credibility as we pursue domestic and international business." The same is going to be true for Aphria and will result in intense competition against Canopy Growth in the near future.

Investor takeaway

The marijuana market is still the most volatile and highly uncertain market in Canada as producers jostle for market positions, and media hype drives share prices like crazy. As the marijuana market is shaping up, producers are wrestling each other for market share as well as the elite investor's dollar.

Aphria's graduation to the TSX could do good to its share price, but it may also bring about further scrutiny for the company. Canopy Growth is being closely followed by competitors and needs to hold strong to its early mover gains.

Investor due diligence is strongly advised. High volatility in marijuana stocks means you should invest with full knowledge of the probability that you may lose a significant stake in mere weeks.

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