



Canopy Growth Corp.: Here's How the Stock Could Triple by Legalization Day

Description

Canopy Growth Corp. ([TSX:WEED](#)) is off to the races again as investors are starting to warm up to Canadian cannabis producers again following news released from the provinces on how they'll each deal with distribution once the cannabis is legalized.

As more provinces shed light on their plans for cannabis distribution, delays to the hard deadline of July 1, 2018, are less likely. Many premiers have been pushing for delays to legalization, but Justin Trudeau has made it clear that he really wants to get it done by next year. There have already been too many delays, and more delays past 2019 could mean legalization plans would go up in smoke if the Conservatives happened to dethrone the Liberals in the next election.

Looking ahead, more provinces are going to release their distribution plans, and, regardless of the approach they take, it'll be good for all cannabis producers in the long haul, especially since the chances of legalization happening during Trudeau's mandate are increased substantially as each province announces more details on their plans, comments, and concerns.

There's a great deal of political and headline risk involved with buying shares of a pot stock, but I think most of the negative sentiment is already in the rear-view mirror. As we head closer to nationwide legalization, it'll be expected that each province's plans will be positive news for all cannabis stocks.

Some provinces may choose to have conservative distribution plans, like Ontario and its LCBO-run stores, which could take control of both physical and online sales of cannabis. Other provinces may take a less conservative, more flexible approach, like New Brunswick, which I believe would imply more upside in producers, [especially Canopy](#) with its top-notch brands.

In addition, provinces may announce the primary supplier they'll be going with. New Brunswick is favouring Canopy, and I suspect many other provinces may be going the same route. Canopy is Canada's largest producer, and the management team has been building a name for itself while building relationships that will allow the company to thrive for many years to come.

Bottom line

The momentum is really picking up for Canopy. Shares of WEED are up ~35% over the last three months, and if more provinces announce their plans and suppliers of choice, I believe Canopy could continue to fly high, potentially doubling or tripling before legalization day.

Canopy is also firing on all cylinders when it comes to making deals with international cannabis companies across various unique markets. Although these deals won't drive the company's bottom line by a great deal over the near term, such deals and partnerships will eventually make a huge impact on the top and bottom lines over many years. That's something to be optimistic about, and I believe such deals will propel WEED stock much higher.

If you've got the cash to risk, then Canopy may be a smart play, but make sure you don't bet the farm on it as pot stocks are still speculative bets, especially if negative headlines start coming out — again.

Stay smart. Stay hungry. Stay Foolish.

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