



## Canopy Growth Corp. Bolts Past All-Time Highs: Could the Stock Hit \$50 by Legalization Day?

### Description

**Canopy Growth Corp.** ([TSX:WEED](#)) surged to new all-time highs on Monday after spending several weeks consolidating below the \$20 level of resistance. I think Canopy is, hands-down, the best marijuana stock to own for investors who want to reap the rewards of a quickly emerging industry over the long run, but is there still room to run in the new year?

Although **Aurora Cannabis Inc.** ([TSX:ACB](#)) has been the bigger winner in the near term with its M&A potential, Canopy is head and shoulders above the competition when it comes to branding, and it has already made a tonne of deals across the globe that'll pay off big-time over the long haul, even though it may not seem like much of a big deal in the near term.

In a [piece which was published in late October](#), I'd stated that Canopy would likely surge past the \$20 mark before the end of the year, with the potential to fly even higher before Canada Day 2018, which is the current hard deadline for nationwide legalization. At the time of publication, shares of Canopy were trading in the \$11 range, so my extremely bullish price target, which implied ~70% upside in just a few months, seemed absolutely ridiculous at the time. I emphasized that the probability of extremely positive developments for Canopy and the industry over the coming months were extremely high.

Not only were new supply deals inked, but **Constellation Brands Inc.** ([NYSE:STZ](#)) took a ~10% stake in Canopy for \$245 million, which was a huge booster of euphoria that I believe continues to drive all marijuana stocks higher to this date. The next big investment from a huge firm could be around the corner, and that's kept many investors high on Canopy, even though the spotlight has mainly been shined on Aurora of late.

**Is cannabis as speculative as cryptocurrencies?**

Fellow Fool contributor Chris MacDonald seems to think that the [cannabis industry is in a speculative bubble](#) that's comparable to cryptocurrencies. While it's clear that cannabis stock valuations are out of this world, I do not believe the cannabis industry is in a bubble that's comparable to that of bitcoin — a worthless asset for which a crash is likely imminent.

Both cryptocurrencies and cannabis stocks are primarily driven by hype at these levels, but with cannabis stocks, you're looking at a [real opportunity](#) with firms that are capable of triple-digit percentage growth numbers.

Bitcoin and cryptocurrencies are more akin to pixie dust. Many pundits, like Warren Buffett and Kevin O'Leary, don't even think it's a real currency. Cannabis stocks will likely be substantially higher several years from now as the industry grows and matures.

While major corrections for cannabis stocks are still a real possibility, I don't see a catastrophic crash of 90% or more as I do with Bitcoin, even if legalization day is delayed further. Any cannabis market corrections are simply opportunities to average down, as investors continue to digest developments that will be coming in before and many years after cannabis is finally legalized.

### **Could Canopy hit \$50 by Canada Day 2018?**

I think that's entirely possible, especially since there are still a tonne of positive developments that could happen. As we inch closer to legalization day, incoming developments will probably come in at a faster rate. That means a volatility surge could send shares into the atmosphere, but the probability of a mild correction is also raised, so make sure you've got cash on the sidelines in case one happens again.

On a longer-term note, once government regulators become open to unique brands, Canopy will be a major winner, as it could have the Marlboro of the industry in its hands. Branding matters — less so in the early stages — and as time progresses, I believe superior branding will eventually make Canopy the undisputed king of cannabis over the next decade and beyond.

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