

## Canopy Growth Corp.: Is it a Buy at \$27?

### Description

**Canopy Growth Corp.** ([TSX:WEED](#)), along with the broader basket of pot stocks, has been getting smoked of late. Canopy has plunged ~43% from peak to trough, surrendering a majority of gains experienced during its parabolic Santa Claus rally. Before you back up the truck on the recent dip, it may be a better decision to wait patiently on the sidelines until the stock falls closer to its upward trend line.

I'm primarily all about the fundamentals, but in the case of cannabis stocks, it often makes sense to at least supplement your fundamental analysis with some of the technicals, since most of the activity going on in pot stocks really has very little to do with the long-term picture and more to do with the rapidly changing and nonsensical sentiment of many [weak-handed traders who are in to make a quick buck](#). These folks couldn't care less about where the company will be in one year from now, let alone five or more years, which is the minimum investment horizon that long-term investors should have.

Right now, all cannabis securities are speculative gambles, and recent prices still make little to no sense, since Canopy is still currently ~50% higher than it was at the beginning of December. I think there's still more downside to go, especially when you consider there are still a tonne of uncertainties as we head closer to the proposed summertime legalization day, which remains tentative right now.

Another legalization delay shouldn't be out of the question, and should Prime Minister Trudeau announce a pushback to 2019, I think turmoil will follow, as legalization may end up being in jeopardy, and all the [rushed acquisition efforts](#) which **Aurora Cannabis Inc.** ([TSX:ACB](#)) and **Aphria Inc.** ([TSX:APH](#)) have made will be for nothing — at least in the short-term picture.

I'm sure cannabis will eventually be legalized across the nation, whether its this year, next year, or the year after that. I think the safer bet would be to stay out of the cannabis industry entirely and see how things pan out. If Trudeau announces further delays, then you might be able to pick up a discount on the pot stock that I'm sure you've been eyeing for quite some time now.

I'd advise investors opt for Canopy, which I believe is the best positioned to thrive over the extremely long term because of its vast portfolio of brands, which will eventually get the green light from regulators in three to five years. Canopy also has strong international ties across the globe, a promising organic expansion plan, a smart and patient management team, and a huge vote of confidence from **Constellation Brands Inc.** ([NYSE:STZ](#)).

I think it's also very likely that Constellation will end up acquiring Canopy at some point after Canopy gobbles up its smaller competitors — when the price is right.

### Bottom line

Cannabis investing is not for the faint of heart, but if you're on the fence between pot stocks and Bitcoin, go with pot stocks, but make sure you don't bite off more than you can chew. Take small

nibbles on the recent dip with the intention of buying additional small chunks on the way down. I think Canopy could make for a nice speculative bet at the low \$20 levels.

Stay hungry. Stay Foolish.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:STZ (Constellation Brands Inc.)
2. TSX:ACB (Aurora Cannabis)
3. TSX:WEED (Canopy Growth)

## PARTNER-FEEDS

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