



## RRSP Investors: Should You Buy Canopy Growth Corp. (TSX:WEED) or Suncor Energy Inc. (TSX:SU) Stock?

### Description

Canadians are using self-directed [RRSP](#) accounts to hold stocks of companies they hope will help them build a nice nest egg for the golden years.

Let's take a look at **Canopy Growth** ([TSX:WEED](#))([NYSE:CGC](#)) and **Suncor** ([TSX:SU](#))([NYSE:SU](#)) to see if one is more attractive right now.

### Canopy

Canopy has emerged as a major player in the race to supply medical marijuana to patients in Canada and around the globe. In addition, the company continues to position itself for the upcoming launch of the recreational pot market in Canada.

Canopy moved early to consolidate the Canadian industry, and the takeovers that appeared somewhat expensive at the time are now looking like great deals, as valuations of marijuana companies have surged in the past year.

Beyond Canada, Canopy continues to put down roots in countries that are making progress on efforts to adjust marijuana legislation. The company already has a distribution business in Germany that provides Canopy's products to German pharmacies for medical marijuana patients. The company also has operations or partnerships in Denmark, Australia, Spain, Jamaica, Brazil, Chile, and Colombia.

Opportunities go beyond pot smokers, and Canopy is positioning itself to be a leader in the broader cannabis market. Last year, the owner of Corona took a 9.9% stake in Canopy with the plan to develop cannabis-infused beverages.

Canopy recently purchased Hiku Brands, positioning the company to take advantage of a potential boom in demand for high-end branded products, expanding its retail reach across a broader range of demographic segments.

If you want to bet on the global cannabis market, Canopy is probably the way to go, although investors

should expect ongoing volatility. The stock is down from a high near \$48 in June to about \$34 per share, but the current price still puts the market capitalization at more than \$7.5 billion, which is lofty for a company with no profits and full-year revenue of less than \$80 million.

## Suncor

Suncor is Canada's largest integrated energy company with production, refining, and marketing operations. The variety of business lines located along the hydrocarbon value chain proved to be valuable during the oil rout, and Suncor's stock held up better than most of its energy patch peers.

The company used its large cash hoard to buy up assets at attractive prices in recent years, positioning Suncor for strong growth in the coming decades. In addition, Suncor continued to work on its Fort Hills and Hebron developments through the downturn, and both projects are now complete and ramping up to full production capacity, just as oil prices have staged a major recovery.

Suncor raised its dividend by 12.5% for 2018, and more gains should be on the way in the next few years, given the strong outlook for production growth. The current distribution provides a [yield](#) of 2.7%.

You have to be a long-term bull on oil and combustion engines to make a buy-and-hold bet on Suncor. If you fall in that camp, the stock is an attractive pick.

## Is one a better RRSP bet?

Canopy and Suncor are both leaders in their respective markets. At this point, however, I would make Suncor the first pick for a retirement-focused portfolio. Canopy might well grow into its valuation, but the downside risk from the current level could be significant if things don't work out quite the way the market is anticipating over the next couple of years.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:WEED (Canopy Growth)

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