



Can Canopy Growth Corp. (TSX:WEED) Continue Growing?

Description

As we inch closer to October and impending legalization in Canada, many investors are staking their claims as to where they see the most growth likely to materialize from. For many of those investors, **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) is one of the first, if not the only name on the list.

The reasons for that are varied. Canopy has a first mover advantage, as it was the first to market in Canada, and this spring became the first Canadian cannabis stock to be listed in the U.S. That first to market advantage also gave the company a boost in investments, which allowed it to make a series of acquisitions over the past year, further strengthening its hold over the market.

Just one month ago, Canopy traded at just over \$32. At the time of writing, the stock is inching past \$59, which gives the stock a whopping 77% return over the past month, and an over 40% return in the past week.

Surely that level of growth is not sustainable, and we're going to see some form of correction, right?

Why Canopy is up

While part of that growth can be attributed to the growing anxiety of investors looking to October, there are several other reasons that have fueled the latest rally on the stock.

Earlier this month, Canopy announced the expansion of its existing partnership with **Constellation Brands** ([NYSE:STZ](#)). Last year, Constellation took a near 10% stake in Canopy, and now the company has upped the stakes considerably, taking an ownership of 38% in Canopy.

That announcement comes on the heels of one of Canopy's competitors announcing its own deal with **Molson Coors** [earlier this month](#).

To onlookers, it's obvious that the major players across several industries are drawing lines in the sand, hoping to reap in the rewards over the long term, which are going to be massive. Consider this: the sheer number of products that the emerging cannabis industry can spawn out to is truly limitless and can span into multiple sectors, such as food, beverages, oils, incense, hospitality services, clothing

and many more.

Another key announcement concerning Canopy came just this week, as Health Canada amended Canopy's cannabis license to allow the grower to bump production further to 2.7 million square feet.

Should you invest?

Canopy's stellar performance over the past month has attracted a significant amount of attention, with investors taking positions in two camps – those that are holding out for the inevitable drop that comes with volatile stocks of this nature so that they can buy in at a discount, and those that are going to invest whatever they can now, believing that the stock can only go up further from here.

There's one thing that both of these mindsets share, and that's the notion that Canopy is a great investment. The long-term prospects for the cannabis industry are still very much in their infancy, and volatility comes with the territory, as we saw last year when Canopy's market cap shot through the stratosphere before coming back down.

Perhaps the best advice would be to invest, hold it and [watch it grow](#) over the long-term.

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