

# Will Canopy Growth Corp. (TSX:WEED) Stock Rise to Triple Digits Over the Next Year?

## Description

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) stock had climbed 96.8% in 2018 as of close on October 3. As of this writing, the stock reports a stunning 52-week price range of \$11.43 to an all-time high of \$74.45. In late August I'd [discussed](#) some of the reasons that Canopy Growth was the surest bet among the top cannabis producers in Canada.

Overvaluation in the cannabis sector has been a persistent concern among analysts and investors since the federal liberals announced their intention to pursue recreational legalization.

Cannabis stocks have experienced periods of volatility in this period, but as growth vehicles go, it's hard to find equities that have been better bets over the period. For reference, Canopy Growth stock was worth less than \$3 in December 2015.

Of course, as all investors are told, past performance is not indicative of future results. There is understandable excitement surrounding the cannabis sector ahead of the October 17 legalization date, but also understandable anxiety.

Companies will soon fight to justify the multi-billion-dollar valuations that have been thrust upon them over the past few years. Fortunately, among the top producers, Canopy Growth may be in the best position to reward investors.

The company released its fiscal 2019 first-quarter results back on August 14. Revenue in the first quarter rose 63% year over year to \$25.9 million. It also reported continued price appreciation at an average selling price per gram of \$8.94 compared to \$7.96 in Q1 fiscal 2018.

Canopy Growth has also moved to add a solid "brick-and-mortar" retail footprint in Manitoba and Saskatchewan.

In [Ontario, producers will be limited](#) to one retail store per company, but Canopy Growth CEO Bruce Linton is confident that its brand will be successful in winning over independent retailers and consumers in the months and years to come.

The company also released a statement assuring customers that its family of brands would "feature prominently under any retail framework."

As of the end of the first quarter of fiscal 2019, Canopy Growth reported inventory of approximately 19,721 kilograms of dried cannabis, 14,895 litres of cannabis oils and 1,055 kilograms of soft-gel capsules. Competition will be intense at the recreational legalization roll-out, but Canopy Growth has put itself in a fantastic position to outpace its competitors.

Industry experts expect that we will see a period of consolidation as smaller producers buckle under

the pressure of growing demand.

### **Is the stock a buy today?**

Cannabis stocks have followed a familiar pattern over the past two years. The top producers have gained momentum in the late summer and fall, but have battled volatility in the winter and spring.

The legalization rollout will put pressure on companies during the “show me” phase. Experts do not expect the industry to reach full steam until at least two years into legalization, meaning that earnings could disappoint in the early goings.

Canopy Growth and other producers remain an enticing long-term play ahead of legalization. However, investors should expect volatility to rear its head once again in the near term.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing

### **Date**

2025/08/16

### **Date Created**

2018/10/06

### **Author**

aocallaghan

default watermark

default watermark