

## Should You Buy Canopy Growth Corp (TSX:WEED) Stock Right Now?

### Description

Marijuana stocks have been volatile in recent weeks, and while many of the [top cannabis stocks](#) trade at prices that are well below the 2018 highs, investors are wondering if this is the best time to add to their pot-stock portfolios.

Let's take a look at **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) to see if it deserves to be on your buy list today.

### Wild ride

Canopy Growth traded for more than \$73 per share on October 15, just ahead of the opening of the recreational cannabis market in Canada. A rough start to the launch of the multi-billion dollar industry saw investors rush to book marijuana stock profits, and by October 29, the share price was below \$44. A rebound then occurred, sending the stock back above \$60. At the time of writing, Canopy Growth trades for \$56 per share.

Feeling dizzy?

The volatility has certainly been extreme, which is great for traders, but it can be difficult for investors who are trying to decide what value to place on Canopy Growth and its peers.

The sell-off that occurred once the legal market went live was reasonably expected. Supply shortages will eventually get sorted out and the implementation of rotating strikes by Canada Post have not helped the situation. However, that too, will get resolved and the legal marijuana industry will continue to establish its presence.

Political news is also at play. The resignation of U.S. Attorney General Jeff Sessions sent [marijuana stocks](#) soaring in recent days. Sessions was not in favour of the legalization of recreational cannabis sales. The rally quickly faded, however, as speculation emerged that the next person to take the job might have similar views on the topic.

### Big picture

Management has done a good job of positioning Canopy Growth to succeed. The company made important early acquisitions that established Canopy Growth's leadership position in the Canadian medical marijuana sector. Canopy Growth was also one of the first companies to enter Europe through its acquisition of a German pharmaceutical distributor. The company now plans to supply its European customers with product produced in the region. A facility in Denmark is nearing completion, and Canopy Growth just announced plans to spend \$115 million to build new sites in Italy, Greece, or Spain.

Recent deals in South America have given Canopy Growth a solid research and development base in Chile and strategic production operations in Colombia. These sites will supply the Latin American

market.

In addition, Canopy Growth has an international beverage partner that is working with the marijuana giant to develop cannabis-infused beverages for the Canadian market. Corona-owner **Constellation Brands** has invested more than \$5 billion to take a 38% stake in Canopy Growth.

### Should you buy?

Canopy Growth's current market capitalization of \$13 billion is still expensive based on pretty much any traditional metric analysts use to determine a company's value. As a result, you have to be of the opinion that the global cannabis market will evolve as expected, and that Canopy Growth will remain one of the dominant players.

If you fall in that camp, Canopy Growth likely deserves to be on your pot stock buy list, but I would keep the investment small, given the ongoing volatility.

There are other ways to play the emerging marijuana market.

### CATEGORY

1. Investing

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2. NYSE:STZ (Constellation Brands Inc.)
3. TSX:WEED (Canopy Growth)

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