



## Why Canopy Growth Corp (TSX:WEED) Is My Preferred Play in Cannabis Stocks Right Now

### Description

**Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is still the reigning champ as far as cannabis stocks are concerned.

Canopy's market capitalization of \$15.47 billion is the largest of any publicly traded cannabis producers, larger even than **Tilray**, which, for a brief moment earlier this year, managed to grab top slot.

A lot of people have mentioned that the best value among cannabis stocks these days is in the smaller names, but, at least for the time being, I'm not 100% sold on that argument.

Okay, so it's true that it's more likely that smaller names will be acquired or bought out by larger companies looking to make an entrance into the recreational market. That's something that even a well-known [marijuana fund investor](#) has said in the past.

But even if that is true, the math of buying only the industry's smaller players simply doesn't add up — literally: it doesn't add up.

The market is littered with small start-ups hoping to get their own piece of the action, but the fact of the matter is the market for recreational pot — somewhere in the neighbourhood of \$5-10 billion annually, say experts — means that not all of those small-cap marijuana stocks are going to end up being winners. It also tends to suggest that some, if not many, of them are going to end up being flat-out busts.

Meanwhile, as I've been saying for a while now, Canopy Growth has strength in numbers.

What has happened in the case of Canopy in the lead up to legalization day was that early pot speculators essentially put their faith — in the form of investment capital — in the hands of Canopy Growth's leadership team. And, whether or not that move was right at the time, Canopy has the purse strings to pull off some aggressive strategic planning. This has, of course, included significant investments in production capacity, but also a sizable investment in research and development to

support its online marketplace: Tweed Main Street.

And the snowball just keeps getting bigger.

Because those investments help to give other investors that much more confidence in putting yet more capital into the company's coffers. See **Constellation Brands's** [\\$4 billion investment in Canopy](#) earlier this year, for example.

All of this means that even if Canopy wasn't destined to be the eventual winner of Canada's cannabis market, the early faith that "Green Rush" speculators put in the company almost made it into a self-fulfilling prophecy.

It hasn't been a great month for pot stocks, but Canopy stock has arguably fared better than most, and with the shares still above their 200-day moving average, it's where I'd be putting my money if I were buying a marijuana stock today.

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