

Canopy Growth Corp. (TSX:WEED) Smells Like a Double

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) appears to be the most investible pot stock out there with its extraordinarily deep pockets that will allow the company to weather any big storm that many believe is coming.

There's still a high degree of unsystematic risk by investing in any marijuana stock, but if have the option of buying a pot stock with no support levels and a name with an established alcohol company standing in its corner, I think the choice is obvious for most risk-averse investors who have no desire to speculate.

On Wednesday, Canopy Growth stock popped 13.3% in a single trading session on news that Piper Jaffray is beginning to cover the name, slapping a US\$40 price target on the company, and essentially diminishing fears over the possibility that Canopy and the marijuana industry is in an unsustainable bubble.

A few years ago, it was just us Fools covering Canopy stock. The next thing you know Piper Jaffray, along with every big analyst firm out there will be covering the name as the marijuana smoke gradually fades away, revealing a more investible growth story that's almost palpable.

There's no question that the big-league analysts needed to take their time to learn about the new marijuana industry (many folks thought marijuana was a Bitcoin-like bubble, after all), but as they took their time to do the homework, Canopy had already doubled up many times over, and today, most of the "get rich quickly" gains are likely already in the rearview mirror. But that doesn't mean you can't get rich slowly with the name over the long term, especially as analysts begin jumping on the bandwagon, providing another potential source of rocket fuel for the stock.

"We do believe the long-term growth opportunities are significant – both from transitioning illicit trade to legal sales, medical sales, and form transitioning sales in health & wellness categories to [CBD-infused products](#)," said Michael Lavery, an analyst at Piper Jaffray on his firm's initiation of cannabis coverage. "While the timing of further changes is difficult to predict, the pace of further legalization appears to be accelerating."

A global acceleration; that's tempting. Although Canopy Growth is priced as one of the more premier pot plays in the space, I suspect it's also capable of the highest amount of growth with the [financial backing and "sin market" expertise](#) provided by **Constellation Brands**.

On Canopy, Lavery had this to say: "...we believe [Canopy's] size currently (relative to competitors) is likely to help drive near-term momentum that can provide resources to help fuel long-term growth."

Foolish takeaway on Canopy

Big-league sell-side analysts can no longer question the long-term potential behind names like Canopy

Growth.

While I still believe price targets on the stock will be a shot in the dark and highly dependent on the outcome of impossible-to-predict contingent events, I do think long-term investors will do very well with the name in their portfolio over the next five years as the world becomes more open to the positive effects of cannabis (or cannabinoid) decriminalization and legalization.

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Author

joefrenette

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