



Is it Too Late to Buy Canopy Growth Corp (TSX:WEED) Stock?

Description

Marijuana stock prices are on fire again, and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is leading the way.

Let's take a look at Canada's leading cannabis stock to see if it deserves to be on your [buy list](#) right now.

Major surge

Canopy Growth is up 40% to start 2019, as bargain hunters seek to capitalize on the meltdown that hit the marijuana sector through the end of last year. Investors who had the courage to step in at the December low are all smiles, and those who missed the rally are trying to decide if more upside is on the way.

At the time of writing, Canopy Growth trades for \$56 per share compared to \$40 just a week ago. The stock hit a high of \$76 in October ahead of the launch of the recreational market in Canada before falling with the rest of the [marijuana industry](#) after investors realized the market was undersupplied.

New capacity is coming online at a regular pace, and the producers will eventually get to the point where the market will be balanced.

International focus

Canopy Growth's strong start to the year likely has more to do with its international operations. The company just announced it has received a licence to develop hemp farms in New York.

The creation of a Hemp Research Pilot Program and the recent passing of the U.S. Farm Bill, which permits hemp to be produced as an agricultural commodity, cleared the way for Canopy Growth to receive the licence. The company intends to invest US\$100-150 million to establish large production operations that will target hemp extraction for products to be made in the United States.

Canopy Growth's stock rose more than 10% on the announcement, extending the recent rally that started with some positive statements from a U.S. brokerage about the company's growth potential.

U.S. legalization

Canada's move to legalize the sale of recreational marijuana is likely just the start of relaxed regulations for both medical and recreational use around the globe.

One U.S. analyst says the U.S. cannabis market could hit US\$80 billion by 2030. Another analyst sees the longer-term global market topping US\$250 billion.

With Canopy Growth widely viewed as being one of the companies that will lead the market, investors are piling back into the stock on the latest positive news.

The U.S. is going to be a key focus in the next few years. Marijuana use for medical purposes is allowed in more than 30 states, and 10 allow it to be consumed or smoked for recreational purposes. At the federal level, however, it still remains illegal, but more analysts are warming up to the possibility that legalization could arrive sooner than expected, especially if it becomes a key topic for debate as the next election approaches.

If the U.S. legalizes marijuana at the federal level, investment would likely flood into the sector, and that should be positive for Canopy Growth and its investors.

Back in Canada, Canopy Growth is already a major force in the market. The company has more than four million square feet of licensed capacity that continues to grow. Canopy Growth has the financial clout to expand its operations, and the 38% ownership position by beverage giant **Constellation Brands** provides additional support.

Should you buy?

Ongoing volatility should be expected, and it wouldn't be a surprise to see investors take some profits in the near term. That said, Canopy Growth deserves to be on your radar if you are positive on the long-term opportunities for the industry. The stock appears expensive, but the story is the same for the entire sector. At least with Canopy Growth, you get a market leader that should be a dominant force in the industry.

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