



## Canopy Growth Corp. (TSX:WEED) Is Up Almost 50% in 2019 – Buy or Sell?

### Description

**Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has recovered in a phenomenal way in 2019, climbing almost 50% to current levels of approximately \$55 (at the time of writing).

Clearly, volatility is still the norm for [marijuana stocks](#).

But now the question is, where to go from here? What can we expect from Canopy Growth stock?

### Volatility remains

Marijuana stocks continue to be highly [volatile](#), meaning they are not for every investor.

It also means that we should sell and take profits when the opportunity arises, as it has already in 2019 for those investors who bought in at December lows.

### Lack of visibility

The stock and the industry are in their infancy and as can be expected, they are still lacking visibility, creating big risk for investors and all stakeholders involved.

As an illustration of the risk inherent in the stock, we can look at price volatility of course, but we can also look at analysts' earnings estimates for the next couple of years, which vary considerably.

This year's range of EPS expectations is from as low as a loss of \$2.34 to a loss of \$1.18.

A meaningful difference.

And the story is much the same for the two years after that.

### Valuation

It's difficult to value marijuana stocks, Canopy Growth included, and as such, it continues to trade on sentiment.

If we attempt to value it on a P/E basis, we quickly see that these multiples are sky-high and as lofty as ever.

### **Uncertain but huge potential**

On the other hand, we are also seeing more partnerships and deals, which are increasingly giving the marijuana industry more credibility.

It legitimizes the marijuana industry, and it takes away more of the doubt and uncertainty that investors and businesses have with regard to the marijuana industry.

Canopy is one of the leading marijuana stocks, with one of the most extensive global presences, with operations in 12 countries across five continents.

With 10 licensed cannabis production sites and over 4.3 million square feet of production capacity, Canopy is the largest marijuana producer that also has an unmatched portfolio of partners.

Partners such as Constellation Brands, which currently has a 38% stake in Canopy Growth.

### **Earnings report**

We know that Canopy's latest earnings report was disappointing, what we don't know is what the next one will bring.

The company reports on February 15, and the consensus analyst estimate is for a loss of \$0.17 per share compared to EPS of \$0.01 in the same period last year.

### **Final thoughts**

In conclusion, the risk of the company issuing disappointing results in February remains high.

This, coupled with the fact that Canopy has risen so sharply this year leads me to say that for those investors looking to build a position in the stock, patience will be rewarded.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

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