

Here Is What Can Take Canopy Growth (TSX:WEED) Stock to Above \$70

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) is on a roll again. In the past three weeks, this top marijuana producer has surged about 60%, defying all the odds in a market where investors are generally avoiding risk.

This jump in [Canopy's share value](#) has helped investors to recover most of the losses they incurred during a big correction that took place in the last quarter of 2018. After this impressive rally, many investors are wondering if this top pot producer will hit its all-time high of \$76.68 it reached past summer.

In my view, Canopy Growth is well on track to reach new highs, despite some short-term setbacks to weed producers in the last quarter of 2018. Here is why I feel bullish about this company.

Growth momentum continues

Canopy Growth is one of the few weed stocks that has a solid foundation to grow its business and reward investors along the way.

What makes Canopy different from other producers is its market size, capacity to ramp up production, and diversity of product offerings, alongside its international reach. Canopy currently operates weed-growing facilities with over 2.4 million square feet of space.

But the producer has been expanding its operations quickly, which will deliver the potential to manage more than five million square feet of production space by next year.

In the latest development, [Canopy Growth](#) acquired a hemp licence in New York State, as it plans to build an extraction and manufacturing facility.

GMP analyst Martin Landry, who raised the stock price target to \$70 from \$50, said in a recent note that CBD-based consumer products could amount to a combined U.S. market size of \$50 billion.

Initiative like this and the company's partnership with the **Constellation Brands** make Canopy a formidable player in the marijuana space and more appealing to investors looking for exposure to the U.S. cannabis market.

According to Landry, Canopy could have CBD-based products across the U.S. by 2020, leveraging Constellation Brands's distribution reach to accelerate market penetration.

Canopy's size, its superior product offerings, and global reach will keep the company ahead in the game as legalization of both medical and recreational cannabis continues to spread around the world, with France, Italy, Peru, and New Zealand on the list of countries that are likely to be the next to make the move.

Bottom line

There's no doubt weed stocks are still highly volatile, and today's gains can be wiped out quickly on bad news. But if you're a long-term investor and want to keep a couple of marijuana stocks in your portfolio, then Canopy should be one of them.

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