



## Canopy Growth Corp (TSX:WEED): How High Could This Stock Go in 2019?

### Description

The recovery in [marijuana stock](#) prices to start 2019 caught many pundits by surprise, and investors who missed the big January rally are wondering which pot stocks might be the best buys to pick up additional gains through 2019.

Let's take a look at **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) to see if it deserves to be in your [portfolio](#) today.

### Big recovery

Canopy Growth's share price is up 75% in the past month. At the time of writing, the stock trades at \$66 per share, which isn't too far off the closing high near \$74 it reached in the middle of October last year right before the launch of the Canadian recreational marijuana market.

Profit taking and the negative impact of a weak start to the sale of recreational cannabis across the country hit the entire marijuana stock industry shortly after the recreational market went live. A correction in the broader equity market compounded the downturn, and Canopy Growth lost 50% of its value before bottoming out close to \$36 in late December.

Since then, the broad-based rally in the stock market has attracted bargain hunters back to the sector, and reports that cannabis supply is starting to improve has investors feeling more positive about the Canadian pot market for the rest of the year.

### U.S. developments

Canopy Growth has also rallied on some significant news south of the border. Canada gets much of the marijuana spotlight, but the long-term opportunities for the industry lie in the larger markets, including the United States, Europe, and South America.

Canopy Growth recently received a licence to process and produce hemp in New York State. The

company intends to invest US\$100-150 million in facilities that will focus on large-scale hemp extraction and product manufacturing. The news comes after the passage of the U.S. Farm Bill that will allow industrial hemp production.

The news is viewed as one more step toward the possible legalization of marijuana at the federal level in the United States, and Canopy Growth is viewed as a potential leader in the U.S. market for both medical and recreational cannabis opportunities.

## Size matters

At the time of writing, Canopy Growth has a market capitalization of more than \$20 billion. This gives the company the financial firepower to make acquisitions as the market consolidates, and invest the hundreds of millions of dollars needed to scale up production capacity to supply the growing medical marijuana markets in Europe and South America.

## How much upside?

All of the marijuana stocks appear expensive, especially after the big rally in the past few weeks. If you buy today, it would probably be wise to keep the position small, as we could see another round of profit taking in the next few weeks.

That said, Canopy Growth could move much higher before the next pullback, and a run toward \$100 per share wouldn't be a surprise on another wave of frantic buying. If you want to get exposure to the cannabis sector and are willing to ride out ongoing volatility, Canopy Growth should be one of the long-term winners in the industry.

Other disruptor opportunities also deserve to be on your radar today.

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