



## Canopy Growth Corp (TSX:WEED) Makes Another Move in the U.S. Hemp Market

### Description

**Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC) has its sights set firmly on the U.S. market now that the [farm bill](#) has passed. Earlier, the company secured a hemp [license](#) in the State of New York and announced it was going to be setting up operations there as well. For a long time, Canadian cannabis companies, especially those traded on the TSX, have been warned that engaging in the illegal cannabis market in the U.S. was off limits and could run the risk of a company getting delisted from the exchange.

And while marijuana is still illegal federally, cannabidiol (CBD) derived from hemp has been legalized. That's why we've seen a bit more of a focus on the U.S. lately and why Canopy Growth made another big move on Thursday. The company announced that it was acquiring AgriNextUSA, which is involved in the hemp industry and offers Canopy Growth a way to speed up its expansion into the newly legal U.S. market.

Co-CEO Bruce Linton made no secrets of the company's plans in the release, stating that "The United States is the next stop on Canopy Growth's desired path to becoming a leading, revenue-generating company focused on all aspects of cannabinoids and their potential."

In the release, Canopy Growth did not mention how much it paid for AgriNextUSA, only noting that "this cash purchase is not material to the company's current cash position." Although it's small in size, for Canopy Growth it's all about having the ease of access and network in place to help facilitate its growth. It would likely be a lot more costly for Canopy Growth to try and grow slowly and organically, especially when buying a company can jumpstart the process in a big way.

### Could more deals be on the way?

I'd be surprised if Canopy Growth is done making deals in the hemp market. Canopy Growth isn't known for moving slowly, and it would be a shock for the company to start doing that now. The arms race in the industry is ramping up; staking out a strong position while the industry is still in its very early

stages could be advantageous. While Canopy Growth might be a big-name producer in Canada, it will still have a lot more work to do in developing its brand south of the border.

Hemp products could be the new health craze in the U.S., especially as CBD continues to grow in popularity and consumers want see its effects for themselves. The beverages market, in particular, could be very exciting, as water containing CBD is a product that's already been rising in popularity. The market shows a lot of potential and the stakes are high for cannabis companies to position themselves early on, which is why I believe more deals are coming.

## Bottom line

While this isn't going to be a game changer for Canopy Growth, it's an indication that the company is taking strategic moves in advancing itself in the U.S. market. It's a good move, especially since the cash involved is nominal and could be a quick, easy win for Canopy Growth.

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### Date

2025/08/24

### Date Created

2019/03/21

### Author

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