



## Don't Miss Out on the Pot Boom and Buy Canopy Growth (TSX:WEED) Now

### Description

Canada's booming marijuana industry has been attracting considerable attention, especially since it became the first developed nation to legalize the recreational use of the drug. That event triggered a massive boom among marijuana companies with **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) emerging as the industry leader.

The marijuana cultivator has grown from being the first publicly traded marijuana company in North America in early 2014 to now have a market cap of almost \$20 billion and poised to enter the **S&P/TSX 60 Index**. This is a remarkable achievement and highlights why now is the time for investors to add Canopy to their portfolios.

### Further market opportunities

Canopy is focused on ramping up its business and expanding at a rapid clip to be the world's leading cultivator and distributor of marijuana products. The legalization of recreational marijuana use in Canada has also increased pressure south of the border for its recreational consumption to be fully legalized.

Currently, medical consumption of the drug has been legalized in 33 states and 10 of those states, notably California, legally allow recreational use, although marijuana is still illegal under federal law. While it may take some time for the drug to be fully legalized in the U.S., it is unlikely that such a burgeoning industry recognized in other developed nations will remain constrained by legalization for long. When it can be finally be legally consumed recreationally in the U.S. it will be a massive boon for an industry that is growing at a substantial rate.

Because of Canopy's size and the maturity of its operations compared to its peers, it is well positioned to take full advantage of that development.

### Growing distribution

The leading marijuana grower is working on a range of innovative initiatives aimed at increasing its distribution footprint and access to markets. This includes an alliance with **Alimentation Couche-Tard** to open a marijuana store in Ontario, which could lead to it being able to piggyback on Alimentation's success in profitably operating a national chain of convenience stores.

As of April 1, 2019, appropriately licensed brick-and-mortar pot stores could open in Ontario. The number of locations was capped with only 25 licences available. This will boost its retail footprint, adding to the 28 stores already open in Saskatchewan, Manitoba, and Newfoundland.

## Scaling up production

Canopy is focused on scaling up its growing activities with 4.3 million square feet of licensed capacity and the development of 1.3 million square feet underway. It also has 32 patents and 140 patent applications, which strengthen its position and will help Canopy build a wide economic moat.

The company's leading position means it can build a formidable economic moat in an industry that will become easier to enter over time as the consumption and use of marijuana becomes more acceptable.

That enhances its long-term growth potential.

Canopy already has agreements in place to supply 70,000 kg of marijuana and that could easily double or even triple with the uptake of the drug expected to boom as it becomes more mainstream and widely accepted. A major single event, such as the U.S. removing the remaining legal barriers to the consumption of marijuana, would easily cause demand to expand exponentially.

Nonetheless, marijuana has never been commercially grown on the scale envisaged by Canopy, and that comes with risks. In such an intense growing environment, hundreds of plants can be lost through disease or poor growing conditions. There have, according to the *Financial Post*, been incidents where Canopy has lost large volumes of plants at its facilities.

## What does it mean for investors?

Cannabis cultivation remains a high-risk industry because of a range of regulatory and legal [unknowns](#), lack of maturity, and the social overhang associated with the negative perception associated with marijuana use. Those elements are [changing](#), and Canopy is well positioned to capitalize on the expanding use of cannabis in our daily lives, which, with it being the leading Canadian cultivator, makes it the premier stock for investors seeking exposure to marijuana.

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## Date

2025/08/24

## Date Created

2019/04/15

## Author

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