



Cannabis Investors: Is Now the Right Time to Buy Canopy Growth Corp (TSX:WEED) Stock?

Description

The share prices of marijuana stocks have been on a wild ride in the past year, and investors who missed an opportunity to join the party at the lows are wondering which stocks might offer long-term upside from their current levels.

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

Big developments

Canopy Growth is broadly viewed as the leading player in the emerging [cannabis](#) market. The company has the largest portfolio of medical marijuana patients in Canada and has established operations or partnerships around the world, including Europe and South America.

Canopy Growth made key strategic acquisitions early on to establish its dominant position and also had the foresight to find important partners ahead of the launch of the recreational marijuana and edibles markets. **Constellation Brands** made an initial investment in the fall of 2017 to acquire a 9.9% interest in Canopy Growth. The company then spent \$5 billion in the summer of 2018 to boost its stake to 38% with options to increase the position.

The Constellation Brands investments provided Canopy Growth with important capital and established the company's credibility with the markets. The two companies are developing cannabis-infused drinks for the expected launch of the edibles market in Canada later this year.

South of the border, Canopy Growth has also made important moves to prepare for anticipated changes in the U.S. government's marijuana regulations. Several states already allow the sale of recreational pot, but it is still illegal at the federal level.

Earlier this year, Canopy Growth received a licence to process and produce hemp in New York State. That was viewed as a positive step. However, not all states are rushing to embrace pot legalization.

New Jersey recently cancelled a vote on a bill to legalize marijuana due to a lack of support in the state senate.

Canopy Growth still anticipates positive developments in the United States. The company just announced a deal to acquire New York-based **Acreage Holdings** for US\$3.4 billion. Acreage is a major player in the U.S. market with cannabis licences in 20 states, more than 20 cultivation and processing sites, and nearly 90 retail locations. The agreement will see Canopy Growth pay US\$300 million to secure the rights to buy Acreage and then pay the rest when marijuana is legalized at the federal level in the United States.

Should you buy?

At the time of writing, Canopy Growth trades for \$64 per share. The stock topped \$73 ahead of the launch of the recreational market in Canada last October but fell as low as \$36 in December. Since then, the shares have enjoyed a nice recovery and Canopy Growth now boasts a market capitalization of \$22 billion.

The stock isn't cheap, and more volatility should be expected, so I wouldn't back up the truck. However, Canopy Growth is widely considered to be the top player in the sector and the company has the financial firepower to make the strategic acquisitions needed to ensure it remains an industry leader.

If you are of the opinion the global medical and legal recreational marijuana markets will expand as anticipated, Canopy Growth deserves to be on your radar for a buy-and-hold portfolio. While the share price could certainly continue to surge, I would probably wait for the next pullback to buy the stock.

Investors who had the courage to buy below \$40 might want to book part of the profits and distribute the funds to other opportunities in the Canadian market today.

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aswalker

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