



Canopy Growth Corp (TSX:WEED) Stock Price Tops \$70: How High Could it Go?

Description

The stock price of **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) just broke through \$70 per share, and investors are wondering if this is a signal that Canada's largest [marijuana company](#) is gearing up to soar to a new all-time high.

Let's take a look at the current situation to see if this is the right time to add Canopy Growth to your [portfolio](#).

Positioning for growth

Canopy Growth has a lot of irons in the fire, as it positions itself to capitalize on opportunities in the emerging medical and recreational marijuana markets in Canada and abroad.

Much of the focus in recent weeks has been on the United States. This makes sense, as the potential for medical marijuana and recreational cannabis product sales is significant, and the winds of change appear to be blowing in favour of the pot stock industry.

Earlier this year, Canopy Growth received a hemp licence from New York State. The decision gives Canopy Growth the right to establish operations in the state and construct a facility for hemp-sourced cannabinoid extraction and processing for a wide variety of products.

The latest surge in the stock price is the result of the company's announcement that it has secured a 308,000-square-foot facility located on 48 acres of property, where it will begin to build the required infrastructure to launch the operation in 2020.

This comes on the heels of an announcement April 18 that Canopy Growth had reached a deal to acquire New York-based Acreage Holdings for US\$3.4 billion.

Canopy Growth is making a US\$300 million upfront payment to secure the right to buy Acreage once marijuana is legalized at the Federal level in the United States. Acreage has cannabis-related licences in 20 states.

Other markets

Canopy Growth is already Canada's leading provider of medical marijuana and is gearing up for the launch of the edibles market later this year. The company's largest shareholder, **Constellation Brands**, is helping Canopy Growth develop cannabis-infused beverages.

Canopy Growth also has a strong foothold in Europe where it is building production facilities and owns a pharmaceutical distributor. The European medical marijuana market is expected to balloon in the coming years and Canopy Growth should capture a significant chunk of the sales.

In South America, Canopy Growth has established research and development facilities in Chile and owns production sites in Colombia that will serve as the hub for supplying the Latin American market.

Should you buy?

Ongoing volatility should be expected as the industry works its way through the initial growing pains. Canopy Growth went from \$73 per share in October to \$36 in December before climbing back to the \$70 level in recent trading.

I wouldn't back up the truck given the steep valuation, but there is a chance Constellation Brands will splurge again to take a majority stake, which could boost an already high-flying price. Anything is possible in this market, and a run at \$100 per share, as crazy as it seems, wouldn't be a surprise in the coming months.

If you have the stomach to ride out the ups and downs and are of the opinion the industry will materialize as expected, Canopy Growth is probably a stock you want to own in this industry.

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