



Why Canopy Growth (TSX:WEED) Is a Good Buy Right Now

Description

If you're waiting around for **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) to sink back to the \$35 level it hit last November, you're dreaming.

While this stock may not hit that \$100 mark until it makes a serious profit, I'm a believer that this stock is making the right moves to keep itself on top.

Canopy Growth is now in a set-up period, pushing forward with acquisitions, partnerships, research, and development to come out as the main source of production for not just Canada, but throughout North America.

And right now, this stock is on a dip. The company almost hit its all-time high of \$74 per share back in late April, but since then the stock has gone back down to around the \$60 mark at the time of writing. While it might go a bit up or a bit down from there in the short term, I believe over the long term this stock will continue to trend upwards. Let's look at why.

Partnerships

It's no secret that Canopy Growth has been making some strong partnerships over the last year. It all started with **Constellation Brands**, with the beverage company putting billions into Canopy's pocket. The partnership gave it access to the United States; almost immediately, Canopy announced it had been approved to start hemp production in New York State.

After that came the acquisition of **Acreage Holdings**, with the company requiring to pay about \$400 million now and \$4.57 billion once legalization comes through in the United States. That's a lot of cash for Canopy to hand out, so it must be super confident that it can dish it out when — and if — the time comes.

Most recently, Canopy has taken an entirely new approach and partnered with This Works, a cosmetics company that plans to introduce "cannabis-infused products to the [global beauty](#), wellness, and sleep solution space." There just aren't any other big names pushing into this area, and while it may not be as large as cannabis-infused beverages, the company is already there, so why not expand

further?

Production

This all means Canopy needs to produce like crazy, and soon. Canopy now has 4.3 million square feet of licensed growing space ready to go and expansion plans in place for even more. How much it'll be able to produce remains a bit of a mystery, but the number is at least in the hundreds of thousands of kilograms per year.

This is a start and definitely puts it at the head of the pack in terms of production, but it's the techniques that also have analysts happy about the business's performance. The company consistently improves its production techniques, reducing the cost of production per gram by [18% quarter over quarter](#) and 32% year over year. This is partially due to how much space the company has and due to the company's constant research and development of its production.

Price

If you look at Canopy's financials, it's clear to see the company is moving closer and closer to announcing some major gains. This set-up process through partnerships and production means as soon as legalization hits in the United States, Canopy is going to go crazy. It could turn a corner where it suddenly becomes like **Shopify** and jumps through the roof.

Analysts believe the stock is slightly undervalued and could hit \$100 in the next 12 months. A recession could push it down, but, as I've said, it's likely to just jump back up again and then some.

That day could be closer than we think.

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