



Marijuana Stocks Are Tumbling: Here's What You Should Buy

Description

There was a slight hiccup last week within the cannabis industry. While it didn't come from Canada, it definitely could put a damper on things for cannabis companies that are seeking to expand through the United States.

Last week the Food and Drug Administration (FDA) said in its first set of hearings that it would need more information now that CBD would be used for more than just medical purposes. Although it doesn't have a psychoactive ingredient, the FDA argued that it needs to look harder if the product will be placed in food items and sold on a mass scale.

This was the [latest drop](#) in the bucket that has been extinguishing the cannabis flame. After reaching sky-high valuations, many analysts are questioning how to actually value the marijuana industry in a global market — and even if these companies can meet the production demand.

Marijuana stocks have tumbled across the board — not to the lows after legalization, mind you, but they've still dropped a fair bit. That's provided many with an opportunity to buy up the heavy hitters that, when the dust settles, will remain the kings of this still growing industry.

With that in mind, here is the marijuana stock that offers the best chance of growth.

Canopy Growth Corp.

It shouldn't be a secret that **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) has become the king pin within the marijuana industry. In fact, as of April 2019 at least, it is the world's largest cannabis company.

Since entering the scene in 2010, this stock was pretty much dead in the water until 2014. Its initial public offering was a whopping \$0.75, and even in 2014 it only made it to about \$2 per share.

Since then, the company has reached all-time highs of almost \$80 per share. That's an increase of 10,567%! Even with the slump back down to where it is at the time of writing at \$55.25, an investment

of only \$1,000 at the company's IPO would be worth \$73,680 today.

Of course, how will you know that this was going to be the major player in the marijuana industry? Or even that cannabis would become the next big thing in the markets? While Canopy won't revert to the days of \$0.75, investors now have an opportunity to buy up this stock while it's down.

There are a number of reasons you want to do this, but it all comes down to growth. This company has been acquiring companies across the globe to ramp up its production, keeping that number tight to the chest on how much it can actually produce per year. But it's definitely in the hundreds of thousands.

While it may have a solid footprint in Canada, Canopy has also opened the door up to producing marijuana in the United States as well. Even in states where it isn't legal, the company has been able to start producing hemp, partnering with **Constellation Brands Inc.** in order to create CBD-infused beverages, and waiting for the day that federal legalization occurs.

The partnership put \$5 billion in Canopy's pockets, and as soon as legalization occurs, Canopy plans to use that money for international expansion. Not that Canopy isn't already international. The company has a place in Germany, Chile, Jamaica, Australia, and the United Kingdom, to name a few.

The funds will also be used to finalize the purchase of **Acreage Holdings Inc.** to help process and distribute marijuana as soon as U.S. legalization occurs. Acreage had the greatest market penetration in the U.S., making it an ideal acquisition target for a company like Canopy.

Foolish takeaway

There is still a lot to look forward to within the cannabis industry, so don't give up yet. When the smoke clears, there will be a few companies leading the charge, and Canopy Growth will be one of them.

They have set up themselves to be in a prime position for expansion throughout the United States and [then around the globe](#), continually finding opportunities to introduce cannabis into new markets. So if you're looking for a horse to bet on, I'd buy Canopy today while the stock remains undervalued. It won't stay that way for long.

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