



## Get Ready for Canopy Growth (TSX:WEED) to Soar

### Description

If you're fairly tuned into what topics are trending within the world of investing, you've probably already noticed a pretty odd scenario. On the one hand, we have passive-income dividend stocks making a mark, and on the other we have cannabis stocks continuing to take a place at the table.

Now, it might seem odd, as one is focused on long-term gains through both steady share increases and annual dividend income, and the other is still a risky bet on a new industry. But really, it shouldn't be that strange.

In fact, it shows that millennials are finally showing an interest in the stock market and educating themselves about it. Rather than putting all their cash into a risky business, they're coupling it with dividend stocks, making for a more diverse portfolio.

This should be great news to the cannabis industry, as it means these investors now have money in one location making steady increases and can use their other funds towards the more exciting — and yes, risky — industries such as cannabis.

Well, if you're going to choose one cannabis stock to jump on today, I'd go with the industry's market leader: **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC). Shares remain slumped after an incredible summer last year, but it isn't just low share prices that have analysts thinking this stock is undervalued and set to explode.

First, there is the marijuana market as a whole. It's not just a Canadian phenomenon, but rather a global-sized enterprise that G20 countries are all considering. More than 40 countries already allow the legal use of cannabis in some way or another, so when consumers can purchase it across Europe and North America, this will be an enormous opportunity for cannabis companies to come away as titans of the potentially \$150 billion industry.

Number one on that list would be a company like Canopy Growth, which already has a huge piece of the industry pie. Canopy Growth has made acquisition after acquisition, partnering with companies like **Constellation Brands** to be in every part of the marijuana industry: medical marijuana, recreational marijuana, hemp cannabidiol (CBD), edibles, even makeup. Canopy Growth doesn't look like it'll be

missing out on [any opportunity](#) within the cannabis industry.

No wonder the company has been ramping up production across North America to achieve this potential for growth. The firm has been keeping its numbers fairly tight to the chest, but it's estimated the company can produce about 550,000 kilograms of marijuana annually. While some analysts think this much marijuana could create a glut in the market, Canopy Growth is thinking long term. As soon as Europe and, more [lucratively speaking](#), the United States legalize marijuana, they will be ready to pump out pot across the world.

With all of these announcements, goals, and growth, it's no wonder that investors are anxiously anticipating the company's earnings report. The few that have been released have been a bit of a mixed bag, so investors are more than just curious as to where Canopy Growth lies. Sales were slow to the start of 2019, making analysts downgrade expectations.

It seems those expectations were realized when Canopy Growth announced its Q4 results. While the company saw a 13% rise in net revenue compared to last quarter, beating expectations, its net loss jumped to \$335.6 million.

## Foolish takeaway

Frankly, I wouldn't dwell on quarterly results when it comes to Canopy Growth. The firm has a way to go before it makes some serious profit, and while it's well on the way through long-term growth, it won't be until major announcements come through that its shares will sky rocket. The problem is, investors will have to be patient. They will have to wait for G20 countries and, most importantly, the U.S. to legalize marijuana to see the full potential that Canopy Growth has to offer.

But that patience will surely be rewarded. Canopy Growth remains at the top of the industry ladder. Shares will likely continue to climb as quarterly reports slowly improve. With shares still undervalued as of writing, now is the perfect time to pick up the stock.

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alegatewolfe

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