



## Canopy Growth (TSX:WEED) Is a Cannabis Investor's Dream Stock Right Now

### Description

If there's one thing **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is really good at, it's generating headlines. What a week it's been for one of Canada's top-tier cannabis producer. A flurry of attention-grabbing developments has been buffeting the stock around like a kite in a gale, only to leave it up in the air thanks to contrarian buyers looking for value in the legal marijuana space.

The latest big deal, however, isn't anything to do with the business of cannabis sales itself, but with management. Bruce Linton is out as CEO this week, with some pundits eyeing **Constellation Brands**, owner of 9.9% of Canopy Growth, as a possible source of the shake up. Constellation Brands is still supportive of its investment, however, and it's not alone: though Canopy shares ditched 8% on the news, they finished the week up 2.76%.

### The element of supplies

Bearish noises are still rumbling in the Canadian marijuana investment scene. While sales is obviously a big issue, this particular voice of dissent was calmed by a reported spike in consumption this April. However, the issue of supply is still out there, with investment gurus on the fence about what kind of impact a glut of supply will have on [per-gram prices and profitability](#).

And a glut there may be, with new production facilities set to come online: Canopy Growth recently proclaimed its newly awarded outdoor growing licence and the completion of initial planting at a facility covering 160 acres. With an estimated demand in the Canadian market for 600,000 kg a year likely to be swamped by projected annual supplies of over 2.5 million kg, a heavily flooded market could undercut sales.

### Should new cannabis investors buy Canopy Growth?

It looks as though cannabis is now a long-term bet, with 2018 likely having been the peak for capital gains. Stocks like Canopy Growth remain among the future leaders in the market, and it's still a sturdy buy in this space.

There is certainly a case for buying Canopy Growth, and it revolves around its acquisition-focused strategy. For example, the pot grower and **Acreage Holdings** just shook hands on their agreement for the Canadian producer to snap up the latter company upon legalization in the U.S. The two marijuana growers cut a deal that saw a cool US\$300 million dished out to Acreage investors.

Canopy Growth also [offers diversification across products](#) as well as international borders: vape products, edibles, and beverages are part of its purview, as well as skincare products. With CBD as part of its U.S. operations, Canopy Growth is also able to tap into what could be an eclipsing segment of the cannabis sector.

## The bottom line

Cannabis investors bullish on the long-term performance of Canopy Growth have a distinct advantage at the moment. In terms of value, the stock is an attractive play, though traders taking this point of view may decide that the stock could weaken further. That said, this week's dip on management news was nowhere near as deep its December trough, and the stock has a habit of rebounding.

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