



## Is Canopy Growth (TSX:WEED) a Cheap Marijuana Stock to Buy Today?

### Description

The pullback in the share price of **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) has investors wondering if the current stock price is simply too cheap to ignore.

Let's take a look at the current situation to determine if this might be a good time to add Canopy Growth to your [portfolio](#).

### Leadership

Canopy Growth is searching for a new CEO after the board's recent dismissal of the company's founder, Bruce Linton.

Linton is widely viewed as the face of the cannabis industry. He built Canopy Growth from scratch into a firm that recently had a market valuation of more than \$20 billion. Branding is a big issue in the battle to win the business of recreational pot consumers, and having a media-savvy leader is one reason Canopy Growth has led the race.

Pundits expect the new CEO to come from the ranks of **Constellation Brands**, the global beer, wine, and spirits company that invested more than \$5 billion in Canopy Growth and holds an interest of about 38% of the company.

The backing of such an established player is one reason to consider betting on Canopy Growth. Constellation Brands says it remains committed to the business and sees strong potential, especially in the area of cannabis-infused beverages. The Canadian edibles market, which would include drinks, is expected to become legal later this year. As a global company, Constellation Brands is likely eyeing the bigger picture. Up to 30 other countries are currently evaluating changes to their cannabis regulations to follow Canada's lead.

### Medical opportunities

Medical marijuana remains the focus for many companies in the sector, and Canopy Growth is the market leader in Canada with the largest number of registered patients. The company has a strong position in Europe to serve the growing medical pot market in that region and has a presence in Latin America with research and development operations in addition to production facilities.

## Consolidation

As the industry matures, analysts expect to see a handful of massive companies emerge to control the bulk of the global cannabis market. Canopy Growth is one of the largest players and has the financial firepower to make strategic acquisitions. The deal to buy **Acreage Holdings**, a U.S.-based player with extensive retail and production operations in states that allow the sale of cannabis, is one good example.

## Credibility

The [cannabis industry](#) is facing a credibility crisis amid a wave of scandals ranging from self-dealing to producing product in unlicensed facilities. Canopy Growth has a reputation for integrity, and with Constellation Brands as the major shareholder, the company should retain investor confidence.

## Should you buy Canopy Growth now?

At the time of writing, the stock trades at \$44 per share. That's well off the 2019 high near \$70 and below the price Constellation Brands paid last summer. If you are a long-term bull and believe Constellation Brands knew what it was doing when it made the big investment, it might be time to start nibbling on Canopy Growth's stock.

However, I would keep the position small. The entire sector still looks expensive based on traditional valuation methods, and the latest downturn could extend for some time before bargain hunters finally call a bottom and the short-sellers cover their bets.

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