Why Canopy Growth (TSX:WEED) Could Double!

Description

Canopy Growth (TSX:WEED)(NYSE:CGC) has been falling rapidly in recent weeks, and as bad as things have gotten for the cannabis stock, I wouldn't bet against it just yet. Even if Bruce Linton is no longer with the company to help take on aggressive new ventures to help grow the stock, that part may no longer be necessary.

The time for the company to undertake a transition to a new CEO may have come at an optimal time. With the deal with **Acreage Holdings** already in place and just waiting on lawmakers in the U.S. to legalize pot, the company has already made moves to position itself for significant growth in the months and years ahead.

Canopy Growth has also already made strides to get into the hemp CBD market in the U.S., but even if that fails to materialize, the potential is still likely not as great as what could be achieved in the adult-use market for marijuana anyway. There is also a lot of competition in the hemp market, making it an even less attractive option for marijuana companies.

Ultimately, the important building blocks are already there for Canopy Growth, and so if a new CEO is able to come on board to help improve the company's financials, that could be enough to win back investors. After all, the growth potential is still there. Some poor quarterly results have sent investors into a panic recently, but that could also create a significant buying opportunity for other investors today.

When Canopy Growth's stock fell as low as $35.15 on Monday, it marked a new low for 2019. It's a far cry from the more than $70 that the stock was trading at back in late April. However, with Canopy Growth trading at a significantly reduced price, there's also a lot more potential upside for the stock today, and I wouldn't rule out it doubling from where it is today.

Why the stock could see a big rally coming

If there's one thing that cannabis stocks have been in recent years, it's volatile. From big jumps in price to sell-offs with no warning, investors have been taken on some wild roller-coaster rides along the way.

It's that same volatility that could help lead Canopy Growth back up to over $70 a share. All it takes is one big development or strong earnings report that could have investors bullish on the stock once again. While you could make the argument that Canopy Growth is still overpriced at its current level, valuation multiples have unfortunately not proven to be a big deterrent for cannabis investors thus far, and that's unlikely to change now.

What matters most is the company's growth as well as its bottom line. If Canopy Growth is able to demonstrate it's going in the right direction on both fronts, that might be all it needs to do to capture the attention of investors.

Even the edibles market could accomplish that for Canopy Growth if its cannabis-infused beverages prove to be a hit with consumers and drive a new avenue of growth for the company.

Bottom line

Canopy Growth has been struggling lately, but it's a stock that investors should never count out for long. There's a lot of potential upside for the stock, and it definitely has the ability to soar to new heights, especially with a new wave of cannabis products just around the corner.

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