



Here's Why Canopy Growth (TSX:WEED) Is Still a Top Cannabis Stock

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) continues to be one divisive stock. While the cannabis space has its staunch bears and its equally vocal bulls, nowhere is the divide more stark than among Canopy observers.

Even a casual glance over the past week's headlines for the stock shows just how volatile its tickers have been in only a short amount of time.

Canopy has had a tremendous five days of trading, though, up by just under 20%. However, even with that lead, the stock is still negative by around 15% for the month.

This kind of volatility means that the stock is not for the faint of heart— indeed, neither is the cannabis space on the whole.

Why is Canopy rallying this week?

Smith Falls: Two words that have got pot investors clamouring for Canopy shares this week. That's the Ontario site of a drinks production facility that just landed a prestigious new licence from Health Canada.

The move means that Canopy can now start pumping out the heady new elixirs, with an initial range of 11 exciting beverages due to come out of the 150,000 square foot Distilled Cannabis facility.

The news is a dramatic turnaround for the stock, having posted a disappointing quarter that saw shares tumble by more than they have gained this week. On news that its revenue was down 15% and that \$33 million had been earmarked for return of product, pundits were starting to ponder whether leadership might be an issue.

However, while a more steady CEO situation might very well appease investors already grappling with the [high level of risk](#) that comes with marijuana stocks, the fact that Canopy still has plenty of liquidity goes some way to counterbalance such qualms.

With \$2.7 billion in the bank, Canopy could potentially start all over again from scratch. In short, it has room to make mistakes and innovate.

It's no secret that Canopy is an extremely volatile play this year. Its 30% dive earlier in the season showed that investors in the green stuff need to have nerves of steel to stay in the game.

However, long positions are the order of the day, and Canopy is still [one of the safest bets](#) in the new legal marijuana industry. Its strong ties with **Constellation** also means that Canopy isn't going it alone, and strengthens the stock.

Another strengthening factor is Canopy's appointment of Judy Hong as Vice President, a move that will take effect December 2. The appointment is significant, as Hong was formerly Managing Director at Goldman Sachs.

A Wall Street equities research veteran, Hong has covered the food, drinks, consumer products, and tobacco sectors, and is a key addition to Canopy's roster of executive expertise.

The bottom line

From a sturdy balance sheet to the possibility of strong market share across the full spectrum of marijuana asset types, such as the cannabis drinks space, Canopy is still one of the best ways to play the Canadian cannabis market.

With plenty of cash on hand and a focus on branding, Canopy is well-placed to dominate the market in the long term.

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