



## Why Canopy Growth (TSX:WEED) Stock Can Get Back All-Time Highs in 2020

### Description

The second phase of cannabis legalization in Canada, often called “Cannabis 2.0,” has reinvigorated many stocks in the sector over the last few months. Cannabis ETFs have gained momentum after being pummeled for most of 2019. **Horizons Marijuana Life Sciences ETF** has increased 7.6% over the past month as of close on January 16.

**Canopy Growth** remains the biggest Canadian cannabis player. Shares of Canopy Growth have climbed 15.9% in 2019 so far. However, the stock is [still down 43% year over year](#). There are several positive developments that are working in Canopy’s favour that could see it challenge its all-time highs in 2020. Let’s examine how.

### The edibles explosion

The Ontario Cannabis Store (OCS) reportedly ran out of edibles hours after online sales began this week. Deliveries of gummies, chocolates, and other edibles have started to pour in this month. Edibles bring a new dimension to the sector, especially with many consumers wary of smoking or simply averse to the sensation. This method of consumption has proven to be very popular in U.S. states that have pursued legalization.

Canopy has started to roll out its cannabis derivative products this month. This includes cannabis chocolates and three cannabis-infused beverage products. The company’s vape products are set for launch later in January. Canopy has established itself as a major player in the early days of “Cannabis 2.0,” and its partnership with **Constellation Brands** is paying off yet again.

### More retail locations

Canada's first year of cannabis legalization was mired with difficulties. First, supply issues paralyzed the market and saw legal sales decline in the opening months of 2019. It also swung open the door for the black market to step in and meet this demand. A serious shortage of brick-and-mortar retail locations also proved to be a major hinderance.

The industry hopes to avoid this fate in 2020 and beyond. Ontario's government acknowledged the slow pace of licensing and has taken action to correct its earlier mistakes. The province aims to issue 20 new licences each month beginning in March 2020. Greater availability should provide a big boost to the cannabis industry this year.

## Movement south of the border

Earlier this week, I'd [discussed the surge](#) for cannabis stocks. This came after a key U.S. subcommittee held its first legislative hearing on cannabis. There is significant pressure from lawmakers to loosen restrictions, but any meaningful reform still appears remote. Still, Canopy is the most well-positioned of any Canadian company with its Constellation partnership and its conditional acquisition of Acreage Holdings.

As I'd discussed in the article linked above, there is a chance that cannabis legalization is broached in the upcoming 2020 presidential election. Bernie Sanders, a Democratic frontrunner, declared in 2015 that he intends to pursue federal legalization. Investors in Canopy Growth would be wise to pay close attention to the Democratic primary, as the first set of states are set to cast their votes in February.

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aocallaghan

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