



Canopy Growth (TSX:WEED): Is Recent Growth Too Good to Be True?

Description

It's not just **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) seeing growth lately — it's cannabis stocks as a whole. The industry seems to be entering a renewed era of growth, and for a few years. Let's dig into why these stocks are suddenly trending upwards yet again, and whether Canopy Growth will continue to enjoy that growth.

Cannabis election

There was a lot of excitement around the United States election back in November. It took about a week for all the votes to come in, and even longer for the country to officially announce that Joe Biden would be the next President of the United States. Here in Canada, there are a number of reasons you should care about the outcome. However, if you're into Canadian cannabis stocks, you should care even more.

On the November 3, 2020 election four new states legalized the recreational use of marijuana. As of writing, 35 states now allow for medical use of marijuana, with cannabis legal for recreational use in 15 states. This is incredibly exciting news for cannabis investors, as the country is moving closer and closer to full-on legalization.

That came even closer with the election of Biden for President. Vice President-Elect Kamala Harris announced in a speech before the election that the administration would decriminalize marijuana — a major stepping stone to a huge cannabis market. It's therefore little wonder that cannabis stocks like Canopy Growth have been soaring since the election.

Canopy ahead of the rest?

While cannabis stocks on a whole have been rising in share price since the news, Canopy Growth has been making serious moves in the right direction. The company already started a set up process before the pandemic. It opened up production across Canada and the United States. While it was only producing cannabidiol (CBD) products or hemp at the moment in the U.S., the company is leaving

paths open to expand into tetrahydrocannabinol (THC) products as soon as legalization hits.

And that's clearly the plan. The word used a lot lately by the company is "arrangement." The company has been creating a number of arrangements with a number of cannabis companies should legalization occur. Most recently, it announced it would purchase over a million shares in TerrAscend once if and when legalization occurs on a federal level. This increases its original stake from 13% to 21% in the company.

While profit is still a ways off, and debt continues to remain [high](#), revenue is still coming in. The company reported an increase of 38% year over year during its latest earnings report, and has been selling some investments and buying up others to bring down debt. With a new year that looks ripe for cannabis stocks, it could only be the beginning for Canopy Growth. After the March 2020 market crash, the stock is now up an incredible 137% as of writing.

Foolish takeaway

There are a number of cannabis stocks out there to [consider](#), but Canopy Growth has to be at the top with recent moves in the U.S. The company is set up to be the largest cannabis producer in the world with a huge footprint in the U.S. market. The next four years could be enormous for this company. Canopy has already hit 52-week highs this week and is well on the way to all-time highs. So it might be a good time to buy and hold this stock before it keeps growing higher.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Date

2025/08/26

Date Created

2021/01/17

Author

alegatewolfe

default watermark

default watermark