



Why Canopy Growth (TSX:WEED) Stock Soared Over 15% This Week

Description

Shares of **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) reached as high as \$64.71 on Tuesday from the previous day's close of \$55.72. This jump marked a huge gain for the stock, having touched a low of \$12.96 during the past year.

The stock rallied after CEO David Klein noted that he is excited about the "prospects of promising cannabis reform in the U.S. under the new administration in Congress."

Newly elected president Joe Biden is expected to be more open to legalizing marijuana in the U.S. than his predecessor Donald Trump.

Earnings report

Klein's upbeat comments came during the company's quarterly earnings release.

For its third quarter ending in December 2020, Canopy Growth achieved [net revenue of \\$153 million](#) for an increase of 23% from the same quarter last year. The net cannabis revenue of \$99 million was primarily driven by an uptick in revenue from both the Canadian recreational and International medical markets.

The company's quarterly net loss was \$829 million — a \$720 million wider loss than the same period last year. The adjusted EBITDA loss was \$68 million compared to a loss of \$97 million in the third quarter of 2020.

Canopy Growth ended the calendar year with cash and equivalents of \$1.59 billion on December 31, 2020. This represents a decrease of \$0.39 billion from \$1.98 billion on March 31, 2020, reflecting the EBITDA loss and the company's capital investments.

Highlights of the quarter

Canopy's Canadian recreational market share increased to 15.7% over the last quarter. Although there is increased competition from new beverage brands entering the market, the company garnered a 34% market share in the beverage category. The company retains the top three beverage brands in the marketplace.

Despite the lack of legal recreational marijuana sales throughout the U.S., Canopy increased its U.S. presence of CBD products. The Martha Stewart health and wellness CBD products are outselling over 94% of all CBD brands in the country. The line was launched only four months ago. Canopy Growth plans to continue building the brand with the introduction of CBD pet products under the Martha Stewart CBD and SurityPro CBD brands.

Will the Biden administration be kind to the marijuana industry?

Joe Biden's [stance on marijuana](#) has changed during his tenure in the U.S. Senate. He was once an ardent supporter of the movement for the "War on Drugs" during the 1980s and '90s. By the time he made his bid for president, Biden's position had softened.

He now supports decriminalizing the drug and leaving it up to individual states on whether to allow recreational use. Biden has also publicly stated he intends to "reschedule cannabis as a Schedule II drug so researchers can study its positive and negative impacts."

In addition, the official platform of the Democratic Party (Biden's political party and now the majority party of the U.S. Congress) called for decriminalizing and rescheduling marijuana through executive action. This platform supports legalizing medical marijuana and expunging past criminal convictions for cannabis-related offenses.

Public sentiment in the U.S. also appears to be trending toward softening views on marijuana use.

Still, there are many legal hurdles before legalized recreational marijuana becomes the norm in the United States. In fact, many state governments ardently oppose any measure to decriminalize the drug and reschedule it into a lesser class of drug.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Editor's Choice

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

Tags

1. Editor's Choice

Date

2025/08/14

Date Created

2021/02/11

Author

cdye

default watermark

default watermark