



Why Canopy Growth Stock Could Double in 2021

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) has been a hot stock for many investors these days. There's obviously a tonne of buzz around cannabis stocks via retail investors right now. However, Canopy is one of the larger names in this space and has garnered attention from institutional money as well.

Much of the buzz around this stock has come as a result of its previous dramatic [parabolic](#) stock price appreciation and decline. However, this isn't necessarily one of the highest-risk names in the sector. For investors looking to park a little cash in a long-term cannabis holding, Canopy is not a bad choice.

Here's why I think Canopy could have the potential to pull off a 2019-like move this year.

Eyes on the U.S. cannabis market

The prospect of Federal legalization in the U.S. makes this market the crown jewel cannabis companies will be chasing after. Recently, speculation is that Canopy could be looking to enter the U.S. in a much bigger way.

Why the speculation?

Well, Canopy recent raised \$750 million from King Street Capital Management LP. There's now speculation that this sort of a capital raise could only be tied to some sort of U.S. acquisition target. While nothing has yet been confirmed, rumours are enough to move stock prices dramatically these days. Indeed, this happens to be the largest financing sought by this company since it raised \$5 billion from **Constellation Brands** in 2018. Thus, there's room to speculate today.

If a move did materialize, it could be transformative for the company. Like its peers, Canopy is looking to target the U.S. in a big way. I'm curious as to what will happen. Even though this is still entirely a speculative development, it could turn out to be a big deal in the coming weeks.

The SAFE Banking Act is back

The SAFE Banking Act's reintroduction in the U.S. House of Representatives has garnered a positive response from major Canadian cannabis companies. It proposes a safe harbour to insurance companies and banks that fund companies dealing in marijuana.

I think this bill's reintroduction is exceptionally favourable for companies who plan to expand in the U.S. cannabis market. Furthermore, with several cannabis-friendly regulatory changes pending, I think the consensus that there's a high probability that the bill will get accepted in the senate is accurate.

Accordingly, I think these catalysts have the potential to catapult the Canadian cannabis industry in the right direction and prompt the desired growth and expansion in Canada and the United States. Companies like Canopy Growth are going to be long-term players and could indeed thrive in this environment.

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