1 Marijuana Stock That Could Knock Canopy (TSX:WEED) Off its Perch

Description

Canopy Growth (TSX:WEED)(NYSE:CGC) has long been considered the industry leader for cannabis producers in Canada. Lately, the consumer sentiment for the company has been quite low, and that reflects in its falling share prices.

Canopy Growth stock peaked at $66.21 per share on February 10, 2021. Since its February peak, the stock has been on a downward trajectory that does not seem like it will slow down anytime soon. The stock is trading for $30.25 per share at writing, translating to a 54% decline in just four months.

The stock might no longer be capable of holding onto its leadership position for long. **Tilray** (TSX:TLRY)(NASDAQ:TLRY) has recently made moves that could position it well to knock Canopy Growth off its high perch to become the new industry leader in the cannabis space.

A crucial market

The U.S. market presents a key opportunity for Canadian cannabis companies. Most Canadian cannabis producers are itching at the opportunity to pounce if and when the U.S. government decides to legalize marijuana at a federal level. While the legalization movement has picked up momentum throughout the U.S., there is no timeline for when marijuana will no longer be considered an illegal substance, according to federal law in the U.S.

A recent bill filed in the U.S. Congress could prove to be the critical turning point that Canadian cannabis companies have been waiting for so that they can finally enter the lucrative market. The proposed bill aims to protect financial institutions and other businesses in non-cannabis legal states for them to work with cannabis companies.

Tilray's bid for the top spot

Tilray shares began trading on the TSX in May this year after its merger with Aphria was approved. The two combined market capital for Aphria and Tilray might be lower than the massive $11.40 billion market cap that Canopy Growth boasts. However, that does not mean it will remain the case for long.

Aphria is the surviving entity after the merger, and it trades under the Tilray name after the merger. The Aphria CEO and chairman Irwin D. Simon will now head the merged companies. The merger has combined the strength of Tilray's medical cannabis operations in Europe and Australia with Aphria's recreational marijuana business in Canada.

The combined companies have several other revenue streams, including Manitoba Harvest and SweetWater. SweetWater is Aphria's leading cannabis lifestyle-branded craft brewer, and Manitoba is a Tilray company that sells CBD products and hemp granola.

Aphria focuses on acquiring brands in the consumer product space to help it grow beyond cannabis. Tilray is an innovator and pioneer in cannabis research, production, cultivation, and distribution.

Foolish takeaway

Canopy Growth, Tilray, and other Canadian cannabis producers will have a tough battle to come out on top in the U.S. market. The combined power of Aphria and Tilray could provide the company an edge over its Canadian and even American counterparts in the race to become the top cannabis company in North America.

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