



Can Canopy Growth Stock Soar? The Consensus Seems Mixed

Description

Among the [growth sectors](#) investors have largely lost focus on of late is cannabis. Indeed, the amount of discussion around companies like **Canopy Growth** ([TSX:WEED](#)) (NYSE:CGC) stock has dwindled of late. With meme stocks soaring, and so many other opportunities for outlandish growth present in today's market, this makes sense.

However, one could argue that cannabis stocks were the original meme stocks. These companies garnered a tremendous amount of attention in previous years. Indeed, as Canada legalized recreational cannabis use, the expectation was that a Biden government would follow.

However, we haven't seen anything concrete play out yet south of the border. Accordingly, investor interest has seemingly shifted to other high-growth sectors today.

Let's discuss what the outlook is for Canopy Growth stock and the other cannabis players in this sector.

Mixed consensus on Canopy Growth stock

Given the ambiguity with respect to U.S. legalization of cannabis at the federal level, analysts seem mixed in regards to the outlook for cannabis plays such as Canopy Growth stock.

Some analysts believe pending legalization could boost valuations in the sector. Indeed, this is a strong potential tailwind and should not be discounted by growth investors.

However, there are others who view Canopy Growth stock as too richly valued at these levels. **Canaccord Genuity** analyst Matt Bottomley is one such analyst. Accordingly, he has decreased his forward-looking revenue estimates for Canopy Growth.

Why?

Well, Canopy Growth fell well short of his estimates this past quarter. Declining international sales were the key culprit in this regard. Accordingly, Mr. Bottomley has revised his full-year forecast down

on this recent underperformance.

John Zamparo, from **CIBC**, says that the latest top-line results of the company might hinder profitability. The analyst feels [positive EBITDA](#) is likely no earlier than Q2 2023. Despite this, Mr. Zamparo has kept a neutral rating while trimming his target from \$30 to \$27.

W. Andrew Carter from **Stifel**, however, maintains a sell rating for the company. He has reduced his target from \$21 to \$18.

Bottom line

Canopy Growth stock could outperform over the medium term, if everything works in its favour. The company's plans to enter the U.S. market in a big way could provide a boost for investors speculating on another run in this high-growth sector.

However, recent results and the near- to medium-term outlook have turned some analysts sour on Canopy Growth stock. Accordingly, this is one I think will have a lot of volatility moving forward.

Unlike previous bull markets in cannabis, I don't expect this one to be a linear move higher.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Editor's Choice

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