



Canopy Growth (TSX:WEED) Stock Plummets 45% in 6 Months: Is it a Good Buy?

Description

Canopy Growth ([TSX:WEED](#))(NYSE:CGC) was the cannabis darling back in 2018. While cannabis stocks were doing well overall, Canopy Growth stock was the one all were compared to. And it's clear why, even today. The company continues to be the largest producer and retailer in the world, vying for the top spot with just one other company. The future seemed green in more than one way when it came to Motley Fool investors. But then it all changed.

What happened?

There were multiple reasons Canopy Growth stock [went down](#), along with other companies. It quickly became clear that it would take some time for regulations and production to meet demand, especially in Canada. And even with Canopy Growth stock creating a footprint in the United States, a major future cannabis hub, it wouldn't be until federal legalization that the company would see major cash.

So, that left the company far from profit. *Really* far. All the mergers, acquisitions, research, and development on top of peak production left Canopy Growth stock far in the red. And then, of course, COVID-19 hit. Production came to a halt, and all those acquisitions didn't look so smart. The company made some cost-effective cuts, bringing debt down, and that leads us to today.

So what?

A lot has happened in the last six months. A new president in the United States had many Motley Fool investors believing Canopy Growth stock and others were on the way back up! Between October 2020 and February 2021, shares skyrocketed 213%! But since then, Canopy Growth stock has come back down to earth, losing 45% of its value.

Last month, Canopy Growth stock came out with its latest earnings report, and while the news wasn't great, it wasn't terrible either. The company saw revenue climb 23% year over year and continued to

be the top Canadian recreational cannabis producer. And it's back on acquisitions, recently buying up both Ace Valley and Supreme Cannabis. In return, it's shelving over 100 innovation projects to safe cash.

Now what?

Here's what it comes down to: is it worth it? That's what analysts want to know. As of writing, Canopy Growth stock is still the largest Canadian cannabis producer. It has several acquisitions ready to jump once legalization hits in the United States. Before that, it's able to take advantage of setting up legal methods through hemp and CBD production.

Its Canadian recreational cannabis production continues to climb. While it's not profitable, it's clear that the pandemic is to blame. Sure, Canopy Growth stock shouldn't have spent so much so fast, and it's learned its lesson. So, investors will need to continue watching the company to make sure those cost-saving methods continue in the future.

And this is where it gets tricky: the future. Analysts are incredibly divided on this stock. On the one hand, should the pandemic continue through to as far as 2024, and U.S. cannabis legalization remain stagnant, shares could drop to \$15 by year end. However, should the cannabis market rebound quickly, Motley Fool investors could see their shares double in the next year!

Foolish takeaway

There are two factors to consider with Canopy Growth stock. First, what kind of risk tolerance can you tolerate right now? And second, do you have the ability to wait it out? You'll see that I'm invested in Canopy Growth stock, it's not a secret, of course. In my case, I'm a millennial who has *decades* before I need to take out my cash and other shares to sell should I need cash in an emergency. I also bought at about half the current share price, so I'm not worried about my investment.

But if you're looking to buy today and need the cash in a [couple of years](#), I'd wait until some clearer future evidence comes out like U.S. legalization. However, if you're a long-term holder like me, now is a great time to buy when it's bottomed out, and see it rise for decades to come.

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