



WEED Stock Skyrocketed 62% in 1 Week: Should You Invest?

Description

Canopy Growth ([TSX:WEED](#)) stock soared 61% in the last week of October, with several pieces of news coming out for WEED stock. What's more, WEED stock remains relatively stable at the time of writing, though it's still down by 58% year to date.

What happened?

WEED stock started the surge with news that didn't even come from the company itself. United States president Joe Biden announced a proposal to decriminalize all prior federal offences for simple marijuana possession.

This alone was a major step towards federal legalization, with most Americans on board for decriminalization to begin with. But WEED stock took the opportunity to run with it.

The big jump came from two announcements from the [cannabis company](#). First, WEED stock will acquire 100% of Acreage, waiving its existing floating share option and moving to an [acquisition](#) agreement.

This supercharged the company's growth, fast tracking its plans for expanding in the U.S. market. Acreage will take up about 75% of its total U.S. revenue. It marked the first move of many that WEED stock announced years back should America move towards federal legalization.

It looks like the decriminalization announcement was enough. This news also led the company to now control a conditional ownership position in U.S. cannabis company TerrAscend.

“The key to unlocking this vision is winning in the largest and fastest growing cannabis market in the world — the United States — and our goal has always been that our U.S. assets would someday operate as one company. That is what Canopy USA effectively enables us to do.”

David Klein, chief executive officer

What now?

Here's the big question. While WEED stock may be moving forward, there is still a ways to go before the entire U.S. legalizes marijuana. While it's likely to get there eventually, it may take at least another round of elections to mark further state legalization.

Cannabis is currently legal in 39 states for medical purposes, though just 19 for recreational use. Still, these positive moves are a sign for WEED stock to get moving and make sure it beats out the competition.

That's why it's important to look at WEED stock in terms of its fundamentals. Another positive point was that during the company's last earnings report, it noted that it's bringing down its debts and moving towards profitability. In fact, as of writing, it would take just 94.69% of its equity to pay off all its debts.

Its next earnings report is now around the corner and could show the funds are there to back up these recent moves.

Bottom line

Cannabis legalization will happen eventually. However, this isn't the growth sector it once was. If you're looking for a huge boom in the next few years, I would stay out of this stock sector. But if you want long-term growth, during this downturn is a great time to take on even a small stake with little risk.

As for WEED stock, this company could be the heavy hitter over the next decade and beyond. So, if you're interested, I would certainly pay attention to earnings when they come out Nov. 9.

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