



## Which Red-Hot Cannabis Stock Offers the Best Value?

### Description

Cannabis stocks surged to record levels as trading closed on November 24. **Aurora Cannabis Inc.** ([TSX:ACB](#)) stock jumped 7.42% to settle at an all-time high of \$7.24. Shares of Aurora Cannabis have climbed an astonishing 151% month over month.

**Aphria Inc.** (TSX:APH) also reached an all-time high on Friday of \$10.25 before settling at \$10.21, up 9.9% for the day. Its stock has seen more tepid gains in comparison — up 47% month over month.

**Canopy Growth Corp.** ([TSX:WEED](#)) finished the day up 0.47%, as the stock has settled down somewhat since reaching a record price of \$21.72 in early November.

Experts and analysts are beginning to sound alarms that another bubble has formed. In a mid-November article, I [covered the rise of Canopy](#) and pointed investors to similar market conditions that emerged in late 2016. During that phase the stock reached above the \$12 mark in mid-November 2016, but lost momentum and fell into the single digits in spring and summer trading.

Are we seeing history repeat itself? Or is the anticipation for recreational legalization in July 2018 enough to sustain momentum for cannabis stocks? Let's look at a quick snapshot of the three companies and see which offers the best value right now.

#### **Aurora Cannabis Inc.**

Aurora Cannabis made a big splash when it announced that it sought to acquire **CanniMed Therapeutics Inc.** Aurora made a formal takeover bid for CanniMed on November 24, valuing the company at \$24 per share. CanniMed responded with sharp criticism of Aurora's present valuation.

CanniMed CEO Brent Zettl said that a deal with Aurora "made no sense for our shareholders" and stated that the stock price of Aurora Cannabis was "inflated." The deal will be on the table until March 9, 2018. This is an aggressive move from Aurora Cannabis leadership. If the deal were to go through, the company would be within striking distance of the 63,000 registered patients served by Canopy, the largest producer in Canada.

## Aphria Inc.

In an October article, I'd [covered](#) the **TMX Group Limited** review of cannabis stocks listed on the TSX. Aphria, with its assets in Arizona and Florida, is one of the most at-risk stocks listed. Canadian cannabis companies operating in the U.S., even if legal in the state in question, are said to be in breach of U.S. federal law. A company that neglects to divest itself of the assets in question could risk delisting.

Aphria, for its part, has remained patient. CEO Vic Neufeld has predicted that clarity on the issue is "months away," which will do little to relieve the anxiety of stock holders.

## Canopy Growth Corp.

Canopy stock churned out stunning returns from early September to mid-November, more than doubling in the time span. The company posted a \$1.3 million loss in its fiscal 2018 second-quarter results. This sparked a dip and a flat performance into late November. Still, Canopy continues to progress well with its international expansion, and the investment from **Constellation Brands, Inc.** should boost investor confidence.

The recent surge in cannabis stocks has made Canopy a reasonable value play compared to its competitors. However, in the short and medium term, now may be the time to take profits in this overheated market.

## CATEGORY

1. Investing

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1. Editor's Choice

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1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

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**Date**

2025/08/21

**Date Created**

2017/11/27

**Author**

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