

Which Marijuana Stock Is Today's Best Bet?

Description

Marijuana stocks have been [blazing in 2017](#). With a huge amount of momentum heading into the new year, I still think there's plenty of opportunity for investors to take risks with their mad money. After the recent exponential surge in all pot stocks, it's probably easy to forget that such stocks can also drop by double-digit percentage amounts on any given trading day, so it's important that you're prepared for volatility before you jump into the deep end of the investing pool.

In the event of various industry-wide headlines, pot stocks will trade together. However, as with many securities at any given point, some appear more attractive.

Canopy Growth Corp. ([TSX:WEED](#)) remains my top long-term pick for investors looking to reap major rewards over the next five years as the legal cannabis market matures. However, if you're looking for short- to medium-term gains, you'll probably do very well with **Aurora Cannabis Inc.** ([TSX:ACB](#)).

Canopy is well-equipped to become a market leader for many years to come, thanks in big part to management's ability to ink international partnership deals. But these deals probably won't have as big an impact on the company's bottom line in the nearer term as they will several years from now as the international taboo surrounding cannabis gradually fades.

When considering the potential downside, Canopy, Aurora and the other two major marijuana producers, **Aphria Inc.** ([TSX:APH](#)) and **MedReleaf Corp.** ([TSX:LEAF](#)), stand to lose a huge chunk of their value due to industry-wide negative developments that may catch everyone by surprise. But I believe Aurora could be the biggest winner following the summer 2018 legalization day, whose exact date is still unknown.

Why?

Aurora will be busy wheeling and dealing in order to catch up with Canopy. The announcement of such deals will further fuel Aurora's impressive rally. The company has been aggressively pursuing a deal with **CanniMed Therapeutics Inc.** ([TSX:CMED](#)), but things have turned hostile with a very public battle over the past few months. More recently, Aurora announced its purchase of 450,000 common shares of CanniMed, bringing Aurora's ownership to nearly 2%. It's clear that Aurora's management team sees a huge opportunity in CanniMed. If a takeover does happen, I suspect that Aurora will continue to surge.

In addition to M&A opportunities, the much-anticipated 800,000-square-foot cannabis growth facility, Aurora Sky, will finally be completed just in time for legalization. This incredible facility is reportedly capable of yielding 100 tonnes of dried marijuana per year!

The facility isn't just large, it's fully loaded with the latest in growth technologies, which will send production costs to the floor, resulting in an absurdly low cost-per-gram and next-level efficiencies that could allow Aurora to crush analyst expectations on the bottom line in the quarters following Aurora

Sky's completion.

Many pundits believe that legal marijuana demand will overwhelm supply in the first few years following legalization day, so with Aurora Sky online, Aurora will be ready to capitalize on this once-in-a-lifetime opportunity to grab a gigantic chunk of the pot pie.

Bottom line

If the positive developments continue to roll in, marijuana investors will be happy with their returns regardless of which stock they own. However, in the nearer term, I see Aurora as the best bet for the medium-term thanks to unique catalysts that could propel the stock through the atmosphere.

Even if Aurora doesn't have its way with the hostile takeover of CanniMed, I still think Aurora could leapfrog Canopy in market cap, at least in the medium term. Over the longer term, I believe Canopy will re-emerge as the largest cannabis firm thanks to the [impressive foundation](#) the company has set for itself.

Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/21

Date Created

2018/01/03

Author

joefrenette

default watermark