



## Will Canopy Growth Corp. (TSX:WEED) Outperform its Peers in 2018 After a U.S. Listing?

### Description

Back in March, I'd discussed the [coming U.S. listing](#) for **Canopy Growth Corp.** ([TSX:WEED](#))(NYSE:CGC) and whether or not this could have a positive impact on its stock price going forward. Shares are up 33.6% month-over-month as of close on May 29, but the stock failed to generate significant momentum after it kicked off trading on the NYSE on May 24. What does this say about the stock going forward?

Canopy Growth is still one of the most shorted cannabis stocks. According to **IHS Markit Ltd.**, the stock has a total of \$471 million short bets, an increase of over \$140 million from the beginning of 2018. However, cannabis stocks have actually seen a decline in short interest in the month of May. Top energy and financials stocks are seeing greater interest after the [April and May surge](#).

CEO Bruce Linton was jubilant after the NYSE listing, saying it represented a "continuation of our upward trajectory as we build the global cannabis industry." Canopy has surged ahead of its competitors in the revenue department, but other producers are making big moves. The company also missed profit estimates in the third quarter of fiscal 2018.

**Aurora Cannabis Inc.** ([TSX:ACB](#)) made a huge splash with its \$3.2 billion acquisition of **MedReleaf Corp.** The move came soon after what was perceived by many as an overreach for CanniMed Therapeutics in early 2018. Leadership was evasive when questioned about the internal metrics it used to justify the deal for MedReleaf. Nevertheless, with this deal, Aurora has cemented itself as the largest cannabis producer in the world. But is it a better bet than Canopy?

Aurora stock has dropped 15.2% in 2018 as of close on May 29. Shares are up 6.4% over the past month. On May 28, Aurora signed a collaboration agreement with Heinrich Klenk GmbH & Co. KG, one of the largest medicinal plant companies in Europe. Aurora has launched a cannabis brand in Germany called "Cannabis Klenk." Klenk carries products in over 25,000 pharmacies across Germany. Aurora said that its previous acquisitions were done to power expansion overseas, and this deal demonstrates that leadership is intent on making good on that promise.

**Aphria Inc.** (TSX:APH) has plunged 37.2% in 2018 so far. CEO Vic Neufeld recently said that smaller producers will face challenges with recreational legalization looming. "I can tell you that in January," Neufeld said. "In that window of time we will be there to really service the under-performance of whatever LPs have failed to live up to their commitments, province by province." Aphria expects that it will be in a position to gobble up additional market share as smaller LPs struggle to meet the complex requirements of the cultivation process.

Canopy and Aurora remain the heavyweights in this sector, but the pricing of the former is concerning as we head into summer. Volatility is rearing its head on the TSX in the midst of a global sell-off, and in late January and early February, cannabis stocks were hit especially hard by the previous rout. Even after its pricey takeovers, I like Aurora for the long-term buy today.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

## PARTNER-FEEDS

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

## Category

1. Investing

## Date

2025/08/19

## Date Created

2018/05/30

## Author

aocallaghan

default watermark

default watermark