

Why Aphria (TSX:APH) Stock Has Spiked 31% Over the Past 2 Trading Sessions

Description

This past Friday, I posted an article on fool.ca titled [“Canopy Growth May Be Making All the Headlines, but Here’s Why Aphria May Be Today’s Best Cannabis Stock.”](#)

In the article, I explained why I thought **Aphria** (TSX:APH) was offering potentially the best value among cannabis stocks in the market.

Among them were the company’s 250,000 kilograms of annual production capacity, which could end up yielding net profits upwards of \$200 million, and while other investors didn’t much approve of Aphria’s recent free-spending ways, I thought that the ensuing weakness in the company’s stock had provided a timely entry point for investors.

Frankly, the timing of that article couldn’t have been any better; since Friday APH stock has shot up more than 31% just in the last two days of trading.

I happen to own shares in Aphria, so you can imagine how the past few days have made me something akin to a *Fool in Paradise*; however, it’s just Aphria stock that has been taking off.

Canada’s largest cannabis producer, **Canopy Growth** is up nearly 87% over the past three weeks in the wake of the Smith Fall’s grower’s watershed deal with **Constellation Brands** worth \$4 billion.

A couple of the other notable names in the market, **Aurora Cannabis** and **Cronos Group**, are up 75% and an even more impressive 102%, respectively, too.

So, needless to say, it’s a good time to be active in the cannabis markets, which is particularly interesting in light of some of the more pessimistic sentiments put forward by the bears in recent months.

But what exactly is it that’s got everyone so excited lately?

Namely, it’s the wave of merger and acquisition (M&A) activity — and speculation — that has taken over the industry as of late.

For one, there was the aforementioned deal between Constellation Brands and Canopy Growth that saw one of the world’s largest alcoholic beverage makers increase its stake to 38% after accounting for the conversation of warrants it purchased last October.

Then there was the deal — a smaller deal, mind you — between beer brewer **Molson Coors** and cannabis cultivator **Hydrophocary**, with the two planning to partner up on some variety of marijuana-infused beverages.

Following from that, rumours have recently surfaced that another of the world's leading alcoholic beverage makers, **Diageo plc** is [also looking to get a piece of the proverbial pie](#).

And the latest?

But while the alcoholic beverage industry's interest in Canada's cannabis producers has become pretty evident by this point — and, frankly, difficult to ignore — a report out yesterday from BNN's *Bloomberg* is now suggesting that snack makers are on the hunt to enter the market as well.

Health Canada has announced that the introduction of cannabis edibles will be delayed by 12 months from the country's October 17th legalization date, but it looks like food processors are already chomping at the bit to get a piece of the action as well.

While the report failed to mention the names of any specific companies that may already be engaged in talks with pot producers, Deepak Anand, vice-president of business development and government relations at Cannabis Compliance Inc., said in an interview with *Bloomberg*, "I can tell you we've had a number of clients from the CPG world that are very interested in this space and they're clearly lurking at this point."

Bottom line

With most licensed pot producers yet to produce any meaningful profits to date, the market for cannabis stocks today is, without question, rampant with speculation.

Yet as the latest *Bloomberg* report suggests, the fact that the Canadian cannabis industry already has the support of the government at a federal level is a real game changer for a lot of serious investors out there.

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