



Canada Post Strike Vote Hits Aphria Inc. (TSX:APH) Stock Hard: Should You Buy Low Today?

Description

Aphria (TSX:APH) stock plunged 16.91% on September 13. Cannabis stocks suffered a broad sell-off later in the trading day after Canada Post workers voted in favour of a strike. There are legitimate fears that a prolonged stoppage could result in disruption for an industry that is nearly a month away from getting off the ground.

Current medical cannabis users could also be forced to seek alternative methods if deliveries cease in the coming days and weeks. This has led some to speculate that these users could turn to the black market. It is a grim bit of news after cannabis stocks had gained considerable momentum ahead of recreational legalization.

The news comes after Aphria had built considerable momentum following its announcement that it had divested its United States-based assets. Back in late 2017, investors learned about the [investigation](#) from **TMX Group** into cannabis companies that had business interests south of the border. Recreational cannabis remains illegal on a national level in the United States, and U.S. officials had vowed to move against companies that were seen to skirt this fact in conducting business. Cannabis companies that violated this federal law were at risk of being de-listed from the main index.

On September 6, the company announced that it had entered a share-purchase agreement that resulted in the completion of a sale of 64 million shares in Liberty Health Sciences. As part of the deal, Aphria will retain the option to repurchase the shares or replacement securities within a period up to five years.

Investors appeared to breathe a sigh of relief as Aphria stock shot up past the \$20 mark. Even after the recent double-digit plunge, shares of Aphria are up 79% over the past month. In light of recent events, investors may be torn over whether to [stick with the stock](#) as legalization looms.

In truth, the decision by Aphria to divest its U.S. assets is an unfortunate one, even if it was a move it had to make. Investors may want to look at the move as a tactical retreat, especially considering Aphria's stipulation that it can repurchase shares or securities over a five-year period. There has been

a gradual move among the U.S. establishment to toy with cannabis legalization, but for the time being, it appears it will remain a states-only issue.

The company followed up its divestment with an announcement that it had signed yet another wholesale supply agreement with Emblem Cannabis Corporation. The agreement stipulates that Aphria will supply 175,000 kilograms of high-quality cannabis over a five-year period starting in May 2019.

Aphria stock is still a highly attractive target, especially among the largest cannabis producers. Indeed, the Canada Post strike vote could provide a great buy-low opportunity. The two sides have until September 26 to come to a deal, and the smart money is on an agreement being reached to avert catastrophe.

CATEGORY

1. Investing

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/07/08

Date Created

2018/09/14

Author

aocallaghan

default watermark

default watermark