



## Aurora Cannabis Inc. (TSX:ACB) Stock: What Should Weed Investors Do Now?

### Description

A recent buying frenzy sent the share price of weed producer **Aurora Cannabis** ([TSX:ACB](#)) soaring off the 2018 lows, and investors in Canadian marijuana stocks are wondering if this is the right time to buy or book some gains.

Let's take a look at the current situation to see if Aurora Cannabis deserves to be in your [portfolio](#).

### South America in sight

Aurora Cannabis recently announced a deal to buy **ICC Labs** in a \$290 million deal that gives Aurora an instant foothold in South America. ICC has a 70% market share in Uruguay, where recreational sales are already legal. ICC also has licences in Colombia for the production of medical marijuana.

Canadian [marijuana companies](#) see South America as a huge opportunity in their global expansion plans. The continent is home to more than 400 million people, and governments in the region are going through the process of modifying their cannabis regulations.

### Hemp acquisition in Europe

Two days after the ICC deal, Aurora Cannabis announced an agreement to buy Europe's largest producer, processor, and supplier of organic hemp and hemp products. The roughly \$9.5 million deal isn't overly large by industry standards, but it is a savvy, strategic move by Aurora as the market evolves and companies position themselves for international growth in the medical and wellness segments.

Hemp seeds are touted as being good for you, as they contain all those coveted natural fatty acids (Omega 3 and Omega 6 oils) that people rave about these days. In addition, hemp seed is also loaded with amino acids and a bunch of other vitamins and minerals many people take as daily supplements.

The various parts of the hemp plant have different uses. The seeds are processed to use in food and personal care products. The leaves and flowers contain cannabidiol (CBD), which is extracted for supplements as well as medical and beauty products. The stalk has a long history of being transformed

into rope, clothing, and paper products.

The businesses being purchased, Agropo and Borela, have traditionally focused on seeds, and didn't have much use for the other parts of the plant. Aurora intends to use the hemp biomass to create a wide range of CBD-based products. In addition, Aurora's existing subsidiary, Hempco, is already active in the food industry, where hemp is used as a meat substitute for the vegetarian and vegan markets.

Overall, hemp-based products are gaining traction around the world, and Aurora is planting the seeds to capitalize on the opportunities.

### **Should you buy Aurora Cannabis?**

Aurora is making the right moves by expanding its reach in the evolving global cannabis market and is widely viewed as one of the companies that will survive. That said, investors should be careful with the stock today.

The rally that took the share price from \$5.35 to above \$9 over the past month might be running out of steam, and there is a good chance the entire sector could see a meaningful correction in the near term. As such, I would probably take profits if you had the good fortune to pick up the shares at the 2018 low. New investors should probably wait for the next big pullback to start at buy-and-hold position.

Other opportunities might be more attractive right now.

### **CATEGORY**

1. Investing

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