



## Should You Buy Aphria Inc. (TSX:APH) or Canopy Growth Corp (TSX:WEED) Stock on a Pullback?

### Description

Cannabis stocks have enjoyed a massive rally since the middle of August, but recent weakness in the [marijuana sector](#) suggests a healthy pullback might be in the cards.

Investors who missed the previous surge and still like the industry's long-term potential are hoping to get an opportunity to pick up the [best marijuana stocks](#) at "reasonable" prices.

Let's take a look at **Aphria** (TSX:APH) and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) to see if one might be a buy on the next dip.

### Aphria

Aphria just closed a major deal that will expand the company's presence in Latin America. The purchase of LATAM Holdings from **Scythian Biosciences** will give Aphria a position in cannabis companies in several key countries in the region, including Argentina, Colombia, and Jamaica. The agreement also has a provision that gives Aphria the option to purchase a cannabis producer in Brazil.

The \$300 million deal should position Aphria as one of the leaders in South America. Recreational sales are already legal in Uruguay, and medical marijuana demand is expected to grow as legislation is adjusted in a number of the continent's countries. Down the road, recreational sales of cannabis products could be legalized in several markets. With more than 600 million people living in the region, it is easy to see why Aphria is eager to get established.

In Canada, Aphria now has supply agreements in place with all 10 Canadian provinces and one territory ahead of next month's opening of the Canadian recreational marijuana market.

Aphria is also positioned well in Europe through its German subsidiary. The group just announced a partnership with Schroll Medical in Denmark to produce and distribute medical cannabis to both the European and global market.

Aphria's stock surged from \$9 in the middle of August to above \$20 in early September. At the time of

writing, investors can pick it up for about \$18 per share. The company has a market capitalization of roughly \$4 billion.

## Canopy Growth

Canopy Growth is widely viewed as the leader in the emerging cannabis market. Like Aphria, it is ramping up for the launch of the recreational market in Canada while building its international presence.

Canopy Growth owns a distribution company in Germany and has subsidiaries or partnerships established in a number of other European countries, as well as Australia.

South America is also a big part of Canopy Growth's global strategy. In August, the company took full control of its Spectrum Cannabis Chile subsidiary and plans to use the operation as the base for medical and pharmaceutical research. This followed the purchase of Spectrum Cannabis Colombia, which will be the production and distribution hub for Canopy Growth in the region.

Canopy Growth's shareholders just approved the \$5 billion investment in the company by **Constellation Brands**. The owner of Corona is increasing its stake in the company from 9.9% to 38% through the deal. Canopy Growth and Constellation Brands are developing cannabis-infused beverages.

Canopy Growth trades for \$64 per share, down slightly from the closing high of nearly \$69 it hit in early September. The company has a market capitalization of more than \$14.5 billion.

## Is one attractive today?

Aphria and Canopy Growth are both positioned well to succeed in Canadian and international markets.

Aphria might become a takeover target amid ongoing consolidation, and any news of a partnership with a global beverage company could give the shares an additional boost. If you think those events are in the cards, Aphria might be the stock to pick on a dip.

Otherwise, Canopy Growth is probably the best cannabis stock for a buy-and-hold position in the sector.

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