



Should You Buy Aurora Cannabis Inc. (TSX:ACB) or Tilray Inc. (NASDAQ:TLRY) Stock Right Now?

Description

Marijuana stocks have taken a beating in recent trading, and investors who'd missed out on the big rally this year are wondering which [cannabis companies](#) might be the best picks today for a new pot stock portfolio.

Let's take a look at **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **Tilray** ([NASDAQ:TLRY](#)) to see if one deserves to be on your [buy list](#).

Aurora Cannabis

Aurora just found out that being on the New York Stock Exchange (NYSE) is great when everyone is rushing to get as much exposure to pot stocks as possible, but not so good when sentiment turns sour and investors run for the exits. Aurora Cannabis saw its stock initially plunge about 15% on its first day of trading on the NYSE before recovering some lost ground.

In Canada, the stock is down to \$9.50 per share at the time of writing. That's well off the \$15 it hit in the days leading up to the launch of the legal recreational marijuana market, but still significantly higher than where it was in the middle of August.

Aurora made two major acquisitions this year that gave it the size and scale to compete in Canada and abroad. To date, the company has not announced any partnerships with a beverage firm, and that has it trailing Canadian rival **Canopy Growth** in the race to develop cannabis-infused beverages for the Canadian market. Canopy Growth is 38% owned by **Constellation Brands**, the maker of Corona.

In the past year, Aurora has traded in a range of \$3-15 per share, so there could be more downside before the market settles. At the time of writing, the company has a market capitalization of \$9 billion.

Tilray

Tilray's share price went on a wild ride in the past few months. The stock traded for US\$23 at the start of August and hit a high of US\$300 in September, before plunging back below US\$100. Investors are

currently picking it up for US\$110.

The stock is only listed on the Nasdaq exchange, which might partly explain why the moves have been so dramatic. The surge in September came on the news that Tilray had received approval to be the first Canadian company to legally import marijuana into the United States for medical research. The approval from the Drug Enforcement Administration triggered a huge two-day rally in Tilray's stock on September 18 and 19 that took the shares from US\$120 to as high as US\$300 before closing at US\$214.

Tilray recently announced a deal to acquire its partner in Chile. The agreement gives the company a solid base to import, produce, and distribute medical cannabis in the country. Chile will serve as Tilray's hub for the Latin American market. The company also has operations or partnerships in Europe, Australia, South Africa, and Argentina.

Tilray remains the industry's largest company with a market capitalization of US\$10 billion, which is roughly \$13 billion in Canadian dollars. Canopy Growth's valuation is about \$11 billion.

Is one attractive?

The steep drop in the share prices of both Aurora Cannabis and Tilray might be tempting, but I would probably stay on the sidelines until there is clear evidence the pullback has run its course. That said, Tilray is widely viewed as the company to beat, at least in the global race for dominance in the medical marijuana sector. If you can handle the volatility, Tilray might be the way to go once things settle down.

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