



## Aurora Cannabis Inc. (TSX:ACB) vs. Canopy Growth Corp. (TSX:WEED): Which Marijuana Stock Should You Put in Your Pipe?

### Description

Both **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) stock are out of favour again in spite of Aurora's debut on the NYSE, which was supposed to re-fuel euphoria in the broader marijuana market. Instead, the enhanced volumes from the NYSE availability looks to have exacerbated the pessimism that the broader marijuana market's been experiencing since pot went legal.

With Canopy and Aurora now dual-listed entities, investors need to realize that the probability of a catastrophic implosion has been elevated significantly with speculators from around the world now able to flip either pot stock at a whim without needing to jump into the TSX.

As we move closer toward judgement day, the first round of quarterly legal results, we could see a steep pot stock sell-off, even if results live up to the sky-high expectations of investors. Selling the news is what traders and speculators do best, so if you're planning on initiating a long-term position, your best bet at this juncture would be to set your sights on Canopy, the only pot stock I'd touch on a dip.

While Aurora's medicinal cannabis talents are compelling, it's tough to gauge just how much the stock can fall, as the company doesn't have a major vote of confidence from an established behemoth as Canopy does with **Constellation Brands**.

"With a large investment from Constellation Brands, Canopy looks like the only [pot producer] with a dance partner. And when it comes time to tango (when the next [cannabis crash](#) happens), many other cannabis companies are going to see their market values go up in smoke, as Canopy gets a jolt from its biggest investor to ride out the rough waters." I said on September 26.

As we head into the latter part of the year, your average pot stock could violently crash by 50% or more. Quality management team aside, [Canopy's deep pockets](#), and backing by Constellation will allow the company to make quick work of the industry as valuations go up in a puff of marijuana smoke.

Canopy CEO Bruce Linton had taken shots at Aurora in the past, implying that the company's been "paying a dollar to get a dime." I think he's right on the money, as I've explained previously. Aurora's management team didn't seem to mind heavy shareholder dilution when it went on its acquisition spree late last year.

When the tides finally turn, I wouldn't at all be surprised to see Canopy "pay a dime to get a dollar," as Constellation's backing will allow Canopy to buy-out competitors, possibly in a hostile fashion.

Who knows? Canopy may end up buying Aurora at some point down the road should a cannabis crash be particularly violent. If Canopy did scoop-up Aurora (and that's a long shot), Linton would get the last laugh and Aurora shareholders would be the ones left holding the bag.

In any case, I'd encourage investors to prefer Canopy stock in case the upcoming dip is "the big one" that bearish pundits have been calling for. I think Canopy's the "safest" marijuana stock to own, and if shares fall back to the \$30 levels, I'd recommend

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2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:WEED (Canopy Growth)

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joefrenette

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