



Can Aphria Inc (TSX:APH) Turn it Around With an NYSE Listing?

Description

The week before last, **Aphria** (TSX:APH) filed to list its shares on the New York Stock Exchange (NYSE). The move came in the same week that cannabis was legalized and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) [began trading](#) on the NYSE. The timing also coincided with a major TSX sell-off that saw cannabis stocks take a particularly steep dive, despite strong sales since legalization.

This month's TSX sell-off saw Aphria lose about 24% of its value in less than two weeks. Although Aphria was not hit as hard as other pot stocks, like **Canopy Growth**, it has declined more than the TSX average. This raises questions about Aphria's decision to list on the NYSE.

Reasons for dual-listing

Often, when a company decides to dual-list its stock, the intent is to boost its trading volume and valuation. It doesn't always work. For example, dual listing does not appear to have saved Aurora from a steep slide; between the 15th and 24th of October, it slid even further than Canopy did in the same period.

However, a Bloomberg report claimed that Canopy's NYSE listing did appear to increase trading volume after it occurred. The report also said that **Cronos Group's** U.S. trading volume was much higher than its volume on the TSX. Specifically, it said that 9.6 million Cronos shares have been traded per day [on the NASDAQ](#) compared to about three million per day on the TSX.

Incentivizing investors

A dual listing doesn't guarantee higher trading volume or valuation. Most brokerage accounts today allow people to buy shares on foreign indices just as easily as on a domestic one. However, investors have a tendency to shy away from foreign indices for a number of reasons, the big one being exchange rates.

Currency considerations

Just as stock prices are constantly fluctuating up and down, so too are currencies constantly rising and falling against one another.

Typically, when you trade on a foreign stock exchange, your investment valuation is quoted to you in the foreign country's currency. This means that in addition to keeping track of stock prices, you also need to follow currency moves in order to know how you're actually doing. This adds a layer of complexity to foreign investments that many smaller investors don't have the time for.

When Aphria starts trading on the NYSE, it may see an increase in trading volume brought on by U.S. investors flooding into the stock. If its performance is similar to that of Cronos group, then we may see up to three times more APH volume on the NYSE than on the TSX. Again, this does not guarantee that Aphria shares will go up. However, it does make it somewhat more likely, at least in the short term. Whether this will be enough to take Aphria out of its current slump is anyone's guess.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)

PARTNER-FEEDS

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

Category

1. Investing

Date

2025/08/18

Date Created

2018/10/27

Author

andrewbutton

default watermark

default watermark