

## Should You Own Aurora Cannabis Inc. (TSX:ACB) and Aphria Inc. (TSX:APHA) Stock in Your Portfolio in 2019?

### Description

Yesterday was the one-month anniversary for recreational cannabis legalization in Canada. The roll-out was shaky, as expected, as retailers across the country encountered [supply issues](#) in the opening days. This exacerbated the volatility for cannabis stocks, which were ravaged over the past month, also in large part due to a global stock market sell-off that has spilled into November. **Horizons Marijuana Life Sciences ETF** was down 27% month over month as of close on November 15.

On the bright side, demand for cannabis in the early weeks has been sky high. Retailers across Canada have posted impressive numbers, even as many have struggled to meet the demand.

This autumn rout should not drive investors away from the cannabis sector. The largest licensed producers are ramping up output, and by the middle of 2019, there is potential for excess supply in the market. Today, we are going to look at two of the biggest producers on the market. Both have struggled in recent weeks, but are going to be front and centre in the sector for years to come. Should you be holding both into 2019?

### Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB)

Aurora Cannabis stock was down 41.9% month over month as of close on November 15. The turbulence in October and November pushed the stock into negative territory for the year. Aurora released its fiscal 2019 first-quarter results on November 12.

Its fiscal 2019 Q1 results did not include activity after legalization, but it turned in a promising performance nonetheless. Revenues surged 260% year over year to \$29.6 million, and kilograms produced rose 395% to 4,996. Aurora projects that by the beginning of the calendar year 2019, the company will have a production run rate in excess of 150,000 kilograms per annum.

Aurora has also made inroads in expanding its retail footprint in Alberta and across Canada. Ontario is set to roll out its brick-and-mortar retail network in April 2019, and Aurora was quick to make inquiries through its subsidiaries. Aurora's aggressive tactics have paid off in the near term, and the true test is coming in 2019. There is reason for excitement going forward.

### Aphria (TSX:APHA)(NYSE:APHA)

Aphria stock had dropped 31.9% month over month as of close on November 15. Shares were also down 27% in 2018 as of this writing. This plunge has still failed to drop Aphria into oversold territory, at least as far as its RSI indicator is concerned. It was still above 40 after Thursday's close.

After legalization, I targeted Aphria as the [top play](#) in the cannabis sector. Earlier in November, Aphria

announced that it will acquire CC Pharma GmbH, a distributor of pharmaceutical products, to more than 13,000 pharmacies in Germany. This move is expected to strengthen Aphria's operations and infrastructure in Germany.

In the first quarter of fiscal 2019, Aphria reported a 35% year-over-year increase in grams sold to 1,778 kilograms. Revenue surged 117% to \$13.2 million. Aphria stated that its domestic production capacity is on schedule to reach 255,000 kilograms per annum compared to its current capacity of 30,000 kilograms.

## Do these stocks belong in your portfolio?

Neither stock has plunged into oversold territory as far as technicals are concerned, but both are worth stacking on this current slide. The cannabis industry will stabilize in 2019, and by the beginning of the next decade, investors will get a clear picture of the potential of this new market. Aurora and Aphria are poised to deliver on big production next year and both are moving quickly with international expansion. Look to take advantage of volatility in the end of 2018 in this sector.

### 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

2025/08/09

### Date Created

2018/11/18

### Author

aocallaghan

default watermark