

Is It Time to Buy Aurora Cannabis (TSX:ACB) or Tilray (NASDAQ:TLRY) Stock?

Description

Cannabis stocks have fallen from their recent highs, which has investors who missed the big rally wondering if this is the best opportunity they will have to add [marijuana stocks](#) to their portfolios.

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 right now.

Aurora Cannabis

Aurora Cannabis traded for \$15 per share in the middle of October, just before the opening of the Canadian recreational marijuana market. At the time of writing, investors can pick up the stock for \$8. That puts the company's market capitalization at close to \$7.7 billion.

Management went on an aggressive buying spree this year, acquiring two large competitors. In January, Aurora Cannabis bought CanniMed for \$1.1 billion. In July, the company took over MedReleaf for \$2.5 billion. The deals launched Aurora Cannabis into the big leagues, placing it in the top ranks of the Canadian and global [cannabis sector](#) with rivals Canopy Growth and Tilray.

Aurora's presence in Alberta, Ontario, and Quebec puts it in a good position to serve the Canadian medical and recreational pot markets. It has also established subsidiaries or partnerships in key global markets, including Europe, Australia and South America.

To date, Aurora Cannabis has not announced a partnership with a major beverage company. A deal of some sort is expected, as **Canopy Growth** and **HEXO** already have a head start on the development of cannabis-infused drinks with their respective beer partners, **Constellation Brands** and **Molson Coors Canada**.

Aurora Cannabis could decide to acquire HEXO, which would solve the problem, while boosting the presence in Quebec.

Tilray

Tilray made a big splash in the headlines when it announced that it had received approval to import medical marijuana into the United States for research purposes. The news signalled a small step in the process of potentially getting medical marijuana sales legalized at the federal level in the United States.

Investors shouldn't hold their breath for a quick decision, but positioning early for the opportunity is worth considering. Tilray is widely viewed as the company that would become an early leader if the U.S. opens up its medical marijuana market across the country.

The company is well established in Europe. Tilray also has operations in Australia, South Africa, and South America.

The stock soared from US\$22 per share in July to a closing high above US\$214 per share in September, but has pulled back in the past two months and currently trades for close to US\$107 per share at writing. This gives it a market capitalization of about US\$10 billion, or \$13 billion in Canadian dollars.

Is one a better bet?

Aurora Cannabis and Tilray are both expected to emerge as long-term leaders in the growing global cannabis industry.

Any news of a beverage deal could send Aurora's stock higher. At the same time, another pricy acquisition might put pressure on the share price.

Tilray is the largest player in the sector by market capitalization and appears to be primarily focused on the global medical marijuana opportunities. If you want to own the market leader, Tilray might be a better bet.

Despite the pullbacks, both stocks appear very expensive, so any new position should be kept small. More volatility is likely on the way and further downside is very possible given the negative sentiment in the broader equity markets.

If you think the upside in pot stocks is limited, there are other disruptor plays to consider today.

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