



Should You Buy Tilray (NASDAQ:TLRY) or Royal Bank of Canada (TSX:RY) Stock Today?

Description

The broad pullback in the equity markets is finally giving investors a chance to pick up some [industry-leading stocks](#) at much lower prices than we saw earlier in the year.

Let's take a look at **Tilray** ([NASDAQ:TLRY](#)) and **Royal Bank of Canada** ([TSX:RY](#)) ([NYSE:RY](#)) to see if one might be an interesting buy for your portfolio.

Tilray

Tilray is based in British Columbia but trades on the NASDAQ exchange. The decision to list in the United States appears to have been a wise one as investor appetite for cannabis stocks has increased. At the time of writing, Tilray has a market capitalization of US\$10.5 billion (CAD\$13.6 billion), making it the largest cannabis company in the world based on that metric.

Tilray has supply agreements with eight provinces and territories in Canada. The company also has a strong presence in international markets where growth in medical marijuana demand is expected to be robust. The company was one of the first to enter Europe and also has partnerships or subsidiaries in Australia, Africa, and South America.

In the United States, Tilray has received permission to import medical marijuana for a clinical trial. It is the first Canadian company to get the green light to send pot to the U.S., and many investors consider the decision a valuable head start for Tilray on potential patent filings.

Tilray reported Q3 2018 revenue of \$12.9 million from the sale of 1,613 kilograms of product. Excluding non-cash stock-based compensation charges, the company generated a net loss of \$7.5 million in the quarter.

The stock trades at US\$114 per share, down from the closing high of US\$214 on September 19. Since Tilray went public in the summer, it has traded between US\$20-\$300, so this stock can be volatile.

Royal Bank

With a market capitalization of \$137 billion, Royal Bank is a giant in the Canadian and global banking industries. The company generates more than \$1 billion in profit per month and continues to deliver strong results from both its Canadian and U.S. operations.

At the time of writing, the stock is down from a 2018 high of \$108 to below \$95 per share. That puts it at 1.9 times book value, compared to the five-year average of 2.2, suggesting the stock might be getting oversold.

Management expects earnings growth to be at least 7% per year over the medium term. As a result, investors should see steady increases to the dividend. The current payout provides a [yield](#) of 4.1%.

Is one more attractive?

Tilray remains a very expensive stock, and while the company could potentially grow into its valuation, the recent turbulence suggest investors should be careful when deciding to allocate funds to the cannabis sector.

I would probably make Royal Bank the first choice today. The stock appears oversold and investors can pick up a solid dividend with a shot at some nice capital gains once sentiment shifts in the market.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:RY (Royal Bank of Canada)

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