



Will 2019 Be a Good Year for Aurora Cannabis Inc (TSX:ACB)?

Description

Last year, we saw a lot of hype surrounding the marijuana industry and anticipation about legalization. In 2018, however, we've seen that hype grind to a halt and things have turned downright bearish since pot has been legalized in Canada.

Stock prices have tumbled

While we've seen some marijuana stocks show some positive returns this year, we've also seen some big losses along the way. **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB) has declined by 18% so far in 2018, as it fell sharply after hitting a peak during legalization.

Investors likely cashed out the gains that they had achieved up to that point, believing that post-legalization the focus would be much different. Up until then, companies were free to bleed money in the name of sales growth and the promise that revenues would be soaring once the recreational market was open.

Now that companies will be measured against those lofty expectations, many investors are showing to be non-believers that they will be able to perform, and for good reason, especially given **Canopy Growth Corp's** [big miss](#) earlier this year.

Investors are becoming a bit more skeptical and keeping a closer eye on profitability, which will lead more bearish stock movements. That's why it was no longer enough to get investors bullish on the stock despite Aurora's strong showing in its [most recent quarter](#) with sales rising by 260%.

Will next year be any better?

Whether Aurora will be able to see a stronger performance in 2019 will depend on a number of factors.

We will know pretty early on how well the company is doing in relation to its goals once we see its quarterly results in the new year, which will include sales since legalization. A good performance there will be a positive sign for investors and will likely give the stock some life.

Next year, the hype will be around edibles, which are expected to be legalized at some point. However, without a big beverage deal in place, Aurora is behind in the game right now.

Aurora was rumoured to be in talks with **The Coca-Cola Co**, which would have been a game-changer, but ultimately we saw nothing come of that. If Aurora can secure a deal with a big beverage maker, it'll likely generate a lot of excitement in the stock and could overshadow any negativity relating to earnings (if there is any).

Finally, it'll also depend on how the industry as a whole is doing. If we see countries, and in particular the U.S., make more of a movement toward legalization, then the entire industry will benefit, and Aurora will likely see its stock soar as a result.

Bottom line

Pot stocks have proven that they don't need much to generate excitement. Given the low that Aurora is at right now, I can see a lot of upside next year if one of the aforementioned factors pans out.

While I'm not convinced the company will be able to meet its sky-high expectations, the hype around legalizing edibles could generate another wave of optimism surrounding pot stocks.

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