

Why 2019 Could Be the Year Aurora Cannabis Inc (TSX:ACB) Enters the U.S. Market

Description

Next year could be a big one for the cannabis industry. While marijuana companies have been expanding to various parts of the world, one of the most lucrative ones of all – the U.S. market – could be in the crosshairs.

What's changed?

As investors are aware, the legality of cannabis in the U.S. has long been a problem for pot stocks, and the TSX has also taken a tough stance on companies with have investments or operations south of the border, as it's technically not in line with federal laws and thus not compliance with the exchange's listing requirements. It's only been the **Canadian Securities Exchange** that has welcomed U.S.-operating cannabis companies onto its exchange.

However, the U.S. recently [passed the Farm Bill](#), which opens up many doors for cannabis companies, including **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB). While the bill doesn't entirely legalize marijuana, or even cannabidiol (CBD), it does permit hemp-derived CBD. It's a step in the right direction, as it means that at least some form of cannabis will be able to cross state lines and borders.

Why does this matter to Aurora?

Aurora has long been positioning itself in the medical marijuana market as a leader in that space. While many companies have been preparing for recreational pot, Aurora has been [acquiring](#) medical marijuana companies and expanding into parts of the world where cannabis for medicinal use has been legalized.

The company has been making good progress already, with sales totaling \$73 million over the past four quarters, but there could be a lot more potential now with the U.S. market being available to Aurora and other cannabis companies. Next year will be a great time for the company to get positioned in a U.S. market that already has many growers and producers in it, but that have had to work within bubbles thus far.

As a result, competition in the U.S. is likely to grow more intense. Companies that previously couldn't ship products across state lines and had to have operations in each state in which they sold cannabis will now have more opportunities to gain some efficiencies. As noted, this relates to hemp-derived CBD only, so it's not a blanket statement for all types or growers, and certainly does not involved recreational products that contain high levels of tetrahydrocannabinol (THC).

Bottom line

The hemp bill being passed in the U.S. is a big milestone for the industry. While it doesn't include all forms of cannabis, and individual states could still choose to not allow it, it will at least open up some

parts of the U.S. to some CBD-based products.

Aurora Cannabis has struggled this past year, with its stock down around 30% in 2018. However, with this new avenue to grow its business, 2019 could be a much stronger year for the stock and it could be a great time to consider buying Aurora stock. Not only could the U.S. market give it a boost, but Aurora will also benefit from having a full year of recreational pot sales in Canada under its belt.

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Date

2025/08/26

Date Created

2018/12/28

Author

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