



Better Buy in April: Aurora Cannabis Inc. (TSX:ACB) or Canopy Growth Corp. (TSX:WEED)?

Description

In the beginning of 2019, I'd [discussed whether cannabis stocks could provide the kind of spark](#) growth investors were looking for. I'd concluded that the two stocks we will discuss today came at a nice price and were worth picking up. For a broader look, the **Horizons Marijuana Life Sciences ETF** ([TSX:HMMJ](#)) has climbed over 60% in 2019 as of close on March 21.

On the other hand, I have warned investors that cannabis stocks are riding high valuations right now. Those who want to load up on the sector should [pick a better spot](#) for an entry point. For those who want to pull the trigger sooner rather than later, today we are going to look at two top cannabis producers. Which is the better buy today? Let's dive in.

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

Aurora Cannabis stock has climbed 88.5% in 2019 as of close on March 21. Shares have surged 37% over the past month largely on the back of a hire that has generated considerable buzz. Its fiscal 2019 second-quarter results exceeded analysts' expectations, but the market did not respond with much enthusiasm. As well, Aurora projects that its revenues will start to pick up in the second half of the fiscal year.

On March 13 the stock surged on news that billionaire investors Nelson Peltz had joined Aurora as a strategic advisor. He will receive stock options that could make him the company's second-largest shareholder. Peltz is expected to facilitate deals with large consumer packaged-goods companies. Reports indicate that Aurora is looking to pair with multiple partners, which differentiates it from some of its top competitors.

Aurora boasted an RSI of 69 as of close on March 21, which puts it just outside of overbought territory. It is trading at the higher end of its 52-week range at writing.

Canopy Growth ([TSX:WEED](#))(NYSE:CGC)

Canopy Growth stock has climbed 68% in 2019 so far. It had outpaced Aurora for much of 2019 before the report that Peltz had joined the Aurora team. The company mostly met expectations when it released its fiscal 2019 third-quarter results back in February. Canopy has been able to penetrate the recreational market more effectively than Aurora to kick things off, as recreational sales rose above medical cannabis revenue.

On March 21, Canopy Growth announced that it had acquired hemp company AgriNextUSA for an undisclosed sum. Canopy has generated some hype over its U.S. expansion in the hemp business, which should give it a nice footprint from which to operate when federal legalization arrives, hopefully sooner rather than later. The company plans to build a facility in New York called Hemp Industrial Park.

Beyond that, Canopy has managed to expand quickly into international markets and boasts a strong footprint in Europe. Shares hit overbought territory after a **Canadian Imperial Bank of Commerce** report gave it a boost in late January. As of this writing, Canopy has an RSI of 52, which puts it in neutral territory. However, shares are still trading at the higher end of its 52-week range.

Which is the better buy today?

As I mentioned at the beginning of this article, both stocks are pricey in late March. Ideally, investors should await a more attractive entry point, but Canopy continues to look like the surest bet. However, Aurora's big hire may portend a big move down the pipe. Investors looking for the home run are better off scooping up Aurora.

CATEGORY

1. Investing

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1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:HMMJ (Horizons Marijuana Life Sciences Index ETF)
5. TSX:WEED (Canopy Growth)

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