



Forget Aurora Cannabis (TSX:ACB): Invest in This Industry Instead

Description

Despite a lot of the excitement the past few years surrounding cannabis, the industry may not necessarily be the best place to invest in today. With many marijuana stocks struggling and falling in recent months, it only reaffirms that view.

Aurora Cannabis Inc ([TSX:ACB](#))(NYSE:ACB) is a great example of that given that the company has [struggled](#), and lost nearly half of its value in just six months.

With the company failing to record a profit this past quarter and missing its own updated sales numbers, it's hard to justify investing in Aurora or any other cannabis stock without taking on significant risks.

Despite all the potential growth that Aurora has in its future, it will have rising expenses as well. Right now, we aren't seeing proof that the company can keep its costs under control.

Rapid expansion may be doing more harm than good

For investors, profitability is a much important consideration these days. Now that the industry has gotten older and legalization has been up and running for nearly a year, investors are taking a closer look at cannabis businesses as a whole — and the results just haven't been pretty.

One of the challenges for Aurora is that the company has looked to expand into many parts of the world, perhaps too quickly. That's not only been costly to do so, but it requires cash flow as well, something the company isn't generating from its day-to-day operations.

Why gold stocks may be the way to go

One industry that looks particularly promising recently that may be a better option for concerned cannabis investors is gold.

Barrick Gold Corp ([TSX:ABX](#))(NYSE:ABX) has risen more than 30% since the start of the year and is up more than 70% over the past 12 months. The stock has been performing very well, to say the least.

A big reason for that is the gold prices have been soaring during that time:



[Gold Price in US Dollars](#) data by [YCharts](#)

It may still not be too late to [invest in gold](#), as there are still many concerns about trade and recession that could continue to send gold prices soaring. And the higher that the stock markets go, the more rumblings that a peak may have been reached.

Gold is often a safe haven for investors when there's a lot of uncertainty in the markets. And with Barrick being one of the largest companies on the **TSX**, it's a good way to take advantage of the bullishness in gold.

While there are risks investing in Barrick, especially given the challenges it has faced in Tanzania, the uncertainty in the markets could propel the stock to new heights.

The danger with gold stocks is their volatility. But with a negative beta of -0.75, Barrick could be a good hedge against the stock market — making it the ideal investment to hold during a crash.

CATEGORY

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