



1 Oversold Cannabis Stock With Great Upside Potential!

Description

In trading on October 16, 2019, shares of **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) entered oversold territory, which would be a strong indication that a short-term investment in this giant of the industry could be a good decision.

In a changing market, go with a global leader

A very wise financial master once said, "Be fearful when others are greedy, and be greedy when others are fearful." That statement surely applies to the cannabis market in general. However, nothing is ever simple.

There are serious problems with the marijuana market, and it will take some time to deal with those problems. But then again, most of these problems have been factored into ACB stock. Even a small amount of good news could easily spark a rally. In terms of a quick profit on Aurora, the oversold condition is worth looking at with caution.

[Something to consider with your caution:](#) Aurora Cannabis's multiyear string of acquisitions has put the company on track to boast the largest production capacity in the entire cannabis industry. More than any of its rivals, Aurora has bet on a major expansion in the global cannabis market.

The facts suggest that there is little chance that the cannabis industry is going to implode on itself, at least from a long-term perspective. If someone wants to invest in the market, Aurora is a favoured cannabis stock for Americans, as an example of the strength of the company.

The bottom line

The cannabis industry is set to be huge. Most analysts believe that by 2030, it will hit the \$98 billion mark. Specifically, Aurora Cannabis, with its peak production capacity, is well positioned to benefit from the growth.

The marijuana market appears to be in a “waiting period” now, and producers are running into multiple challenges. Among these difficulties are sufficiently expanding production to meet demand, cutting production costs to match black market prices, developing brands, and overcoming potency constraints.

Aurora is betting big on international markets. Although all top Canadian pot stocks aim to develop an overseas presence, no company has a more diverse presence than Aurora. Including Canada, Aurora has cultivation, export, research, or partnership presences in 25 countries.

At present, Aurora is Canada's largest producer, which gives the company certain economies of scale. Management has set an annual target of 625,000 kilograms per year by the calendar year 2020.

When it released fourth-quarter results for the fiscal year ended June 30, 2019, Aurora stock missed revenue expectations. ACB stock's net loss came at \$2.3 million on net revenue of \$98.9 million, with an adjusted EBITDA loss of \$11.7 million.

[An investor could easily look at Aurora's market cap](#) of around \$3.5 billion compared to its historical revenue and think the stock is drastically overpriced. But if the global medical cannabis market grows relatively close to what Aurora expects, the stock's current price could look like a bargain in retrospect a few years from now.

The facts suggest that a smart investor can hedge the risk on a short-term investment play on Aurora with the comfort offered by ACB's strategy to maintain a real global position in the cannabis industry, which makes the long-term investment appealing as well.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Cannabis Stocks

2. Investing

Tags

1. Cannabis

Date

2025/08/23

Date Created

2019/10/25

Author

robertflynn

default watermark

default watermark