Should Canadians Buy Aphria (TSX:APHA) Stock Today?

Description

The coronavirus market crash is far from over yet. Non-essential sectors now face even brisker headwinds than previously was the case. This is especially the case in an overcrowded and unsettled space like cannabis. The move by the Ontario government to strike the sector from the “essentials” list was disheartening. But for some pot stocks, it could even have proved the death knell.

Overshadowed by competitors, the once rocketing **Aurora** has become more than just a disappointment. Its recent staff layoffs, massive writedown, and one-for-12 share-consolidation plan are more than simply unappealing. While the scheme at hand is to strengthen balance sheet strength, these moves are losing fans fast in an already crowded field. Revenue growth will now be key for pot stock pundits and fence sitters.

Aurora’s five-day performance was down 6% at the start of the week. **Aphria** (TSX:APHA)(NYSE:APHA), however, was up by an incredible 19% over the same period, as investors remained bullish on its outperformance. Steep positive momentum clearly hasn’t left the legal cannabis space just yet. Indeed, Aphria is a popular name that has seen quarter after quarter of strong performance. It’s been surprisingly resilient amid the coronavirus market crash.

Investors may want to weigh these two stocks carefully. Even if you happen to be bullish on Aurora, its recent moves are no doubt alarming. Indeed, this is a beaten-down cannabis name that is so close to delisting that it’s approved a reverse stock split just to bump its share rice over the dollar mark. Aurora and similarly wavering stocks in the Canadian cannabis space are far from risk-free names to carry on holding in a long-term cannabis portfolio.

Reasons to hold Aphria stock for the long term

Aphria has gained an outstanding 61% in the past month. This shows just how much upside potential this name still commands. Investors eyeing a second green gold rush for steep returns should consider stacking shares in Aphria. Indeed, as long-term buys go, Aphria could explode after the woes of the coronavirus lockdown give way to a relief rally. Its 2.5-year cash runway gives it ample fuel for the journey.

A consensus median target price of $7.65 at the moment shows that this $5 stock could offer substantial upside. And this is the conservative estimate. Take a look at the high target price of $12.25. Aphria is the name to buy for cannabis investors looking to more than double their money. Watch Aphria closely for a coming dip and consider building a position slowly. Keep cash on hand to snap up on incremental weakness.

The bottom line

Low-cost production meets profitability in the long-term outlook for Aphria. This is one name unlikely to get bought out, delist, or get priced out of the market. Aphria is a rare long-term buy in a sector that has had everything thrown at it. However, cannabis is proving resilient to the coronavirus market crash so far. Indeed, Aphria is still a winner, despite cannabis's uneven retail rollout and classification as a non-essential sector.

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