



Cannabis Stocks Like Aurora Cannabis (TSX:ACB) Stock Are Surging

Description

Were you excited about cannabis stocks like **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) two years ago? Did you take the plunge only to be whipsawed by its volatility? I stayed away back then. The euphoria was too much for me. The bubble mentality really made me nervous.

Today, something different is happening. The cannabis industry has been moving forward. Cannabis stocks are not trading in bubble territory anymore. Many of them, like Aurora Cannabis stock, are trading back to 2016 levels.

The bubble burst

There were many bubbles before the cannabis bubble. For example, there was the Dutch tulip bubble. In the 1600s, this bubble took shape. Tulips gained popularity and prices started to soar. Everyone wanted them. The value people attached to them was out of this world. But eventually, people realized tulips were not that rare or valuable.

Another example that some of you may remember is the dot-com, internet bubble. I remember what that was like. Internet companies soared. It seemed endless. No matter how small or how speculative, they soared. Until, in 2000, the bubble burst.

Like all bubbles before, the cannabis bubble had to burst. [Bubble stocks mean that investors have gotten tied up in a frenzy](#). It means that prices are nowhere near realistic. And [these unrealistic expectations need to come back to reality](#). Aurora Cannabis stock has fallen 92% from its bubble highs.

The cannabis industry is moving forward

But bubbles are not made from nothing. There was obviously something to the dot-com bubble. The underlying idea that the internet would change the world was right. The cannabis industry bubble was also born of something real. Cannabis is a powerful substance. We are finding that it has use in medical settings. It also has value in wellness settings. And the list of its benefits goes on and on.

In Canada, the cannabis rollout has been rough. At first, there was not enough supply to meet the demand. The distribution chains were problematic. Then, the suppliers had too much supply. Cannabis prices fell and margins were razor thin. But these were growing pains and are to be expected.

The future will look very different as the initial bumps are ironed out. More value-added products, like those from Aurora Cannabis, will make their way to the market. More retail stores will exist. And in the United States, Joe Biden has raised expectations that cannabis will be federally legalized. Certain states have legalized cannabis. But federally, cannabis remains illegal.

Aurora Cannabis stock rallies

Up 35% in the last 10 days, Aurora Cannabis stock is getting investors' attention again. It's getting attention for its recent Israeli supply deal. This supply agreement gives Aurora Cannabis access to Israel's drugstore channel. Aurora Cannabis will now be well positioned in two of the largest legal cannabis markets outside Canada: Germany and Israel.

It has been a long ride. Is it finally time to join in and buy the stock? Well, that all depends on your risk profile. Aurora Cannabis stock is still a risky proposition. It's still losing money. It has a reputation of reckless spending and shareholder dilution. And Aurora Cannabis won't be earnings positive for a few years yet.

Motley Fool: The bottom line

The cannabis industry has moved forward in the time since the cannabis bubble crashed. And cannabis stocks like Aurora Cannabis stock are trading at much more reasonable valuations. This news from Aurora Cannabis is positive news. As a whole, the risk profile is significantly lower for cannabis stocks today.

CATEGORY

1. Cannabis Stocks
2. Investing

POST TAG

1. Cannabis Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Investing

Tags

1. Cannabis Stocks

Date

2025/08/14

Date Created

2020/11/28

Author

karenjennifer

default watermark

default watermark