

# Canadian Marijuana Investors Are Becoming Fearful: Is it Time to Be Greedy?

## Description

The hype surrounding marijuana stocks last year was quite ridiculous. Speculators and traders caused volumes and volatility to be off the charts, but eventually, things slowed down, and many marijuana investors took their profits and ran. Sluggish trading volumes may come to an end and as we head closer to nationwide legalization, and it's possible that we may witness another green rush between now and Canada Day 2018.

### The marijuana party appears to be over. How long will the hangover last?

Although the hype surrounding the Canadian marijuana industry has faded, I still think high-quality marijuana growth companies such as **Aurora Cannabis Inc.** ([TSX:ACB](#)) and **Aphria Inc.** (TSX:APH) have a lot of room to run from here, despite the direction these stocks have been taking lately. Sure, marijuana stocks are still speculative and not for the faint of heart, but there are major long-term rewards for those who are willing to take the risk and can spot the businesses with real durable competitive advantages.

Trading volumes in general have been quite sluggish of late, which is one reason why marijuana stocks have slowed down. But another reason is the fact that there's still a cloud of uncertainty regarding regulations and when the federal government will actually legalize the drug. The hard deadline was set for Canada Day 2018, but there's still resistance from certain premiers.

There have been delays in the past, and it's possible that more could occur in the future. Once marijuana is legalized, many pundits believe that demand will surge way above supply for the first few years that marijuana is legalized. How much demand will there be? We'll really have to wait and see, but if it's at the level that Aurora executive vice president Cam Battley thinks it'll be, then the hype for marijuana stocks could soar above what we witnessed last year.

Don't wait for a hype spark though, because an increase in volatility is almost guaranteed sometime over the next few years as we get closer and closer to legalization day.

### Bottom line

Astronomical amounts of growth can still be expected from Canadian marijuana stocks, and as volatility continues to die down, it may be time to initiate a position before things heat up over the next few years.

My personal favourite right now is Aurora Cannabis because of the management's focus on efficiency and its massive Aurora Sky project, which is expected to complete around the time marijuana is legalized. Even if marijuana legalization is pushed to 2019 or beyond, Aurora is still very well positioned to be a leader whenever legalization day happens.

You shouldn't be worried about fading hype or the rising fears of the general public, because when

others are fearful, you should be greedy, according to the great Warren Buffett. Don't bet the farm on marijuana stocks though, as they're still high-risk plays, and if you're not comfortable with high volatility, then you could be in for one bad trip.

Stay smart. Stay hungry. Stay Foolish.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:ACB (Aurora Cannabis)

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