



Canopy Growth Corp. Stock Is Down 30% From All-Time Highs! Is it Time to Buy?

Description

In the world of [marijuana stocks](#), investors have grown accustomed to a certain degree of volatility.

But how much is too much?

While we all more than welcome the [volatility](#) on the upside, on the downside it feels much different, leaving investors scrambling to make sense of price movements and stressed about all the money being lost in such a short time.

Canopy Growth Corp. ([TSX:WEED](#)) is down 30% from its all-time highs that were hit earlier this year. **Aurora Cannabis Inc.** ([TSX:ACB](#)) is down 47% from its all-time highs, and **Aphria Corp.** (TSX:APH) is down a whopping 56% from its all-time highs.

While investors who got in at the beginning of this ride are still making a great return on their investment, they are still faced with the prospect of losing much of this return as marijuana stocks freefall back to reality.

So what should investors new and old do now?

Whether you already own some of these stocks or you're still on the sidelines, the investment decision is the same. We should not be influenced by our own personal gains or losses or by what we think we missed out on.

We should only be influenced by the state of these stocks today and the outlook for them tomorrow.

Let's look into it.

The timing of legalization for recreational use remains uncertain, distribution rules are unclear, and the greater focus on the business model of these companies and the ultimate supply/demand balance has been sobering.

There will certainly be a place for these marijuana companies and these pot stocks.

But valuations are still at very lofty levels, trading at very rich price-to-sales multiples and stratospheric price-to-earnings multiples if there are any earnings at all.

There has been dilution to shareholders as these companies raise money and fund acquisitions by issuing shares, and there will be more big investment needed in order for these companies to gain their footing and their place in this industry.

Thus, I think investors would be well advised to wait and see how this shakes out before getting into these stocks, so that the risks are lessened and the odds can be stacked in their favour.

In summary, marijuana stocks are being brought back to reality, but I'm still staying on the sidelines, as I'm convinced that we'll see a better entry point into these stocks.

I'll wait for business fundamentals and risks to jive with the price that the stock is trading at so it makes a compelling investment case.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ACB (Aurora Cannabis)
2. TSX:WEED (Canopy Growth)

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