

# The Marijuana Trade Looks Dead: That's Exactly Why Investors Should Be Buying

## Description

The marijuana trade looks to have gone up in smoke with **Aurora Cannabis** ([TSX:ACB](#)) and **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) pulling back violently on news of Ontario's decision to delay the roll-out of its brick-and-mortar pot shops by six months after legalization day.

Talk about an overreaction to an event that's short term in nature!

While there's no doubt that sentiment has been overwhelmingly negative of late, I believe that the recent delay of Ontario stores is nothing more than an event that's creating a compelling buying opportunity for long-term investors, as traders to continue to throw in the towel. These traders aren't willing to wait an additional six months, as they probably think there are other opportunities out there to "get rich" in the meantime.

This exiting of traders from the marijuana space leads me to believe that the dip is a wonderful buying opportunity for investors who intend to hold their shares for years at a time. As I've mentioned in a [previous piece](#), it's the short-term traders that have made the entire industry an uninvestable, stomach-churning roller-coaster ride with massive peaks and deep troughs.

It seems that nothing can break negative momentum these days, not even positive developments such as regulators' embracing of private pot shops within the province of Ontario. If such news were released when sentiment was high and the trend was up, there's no question that such an event would have caused stocks to go parabolic, as they did in the latter part of 2017.

For long-term investors, buying on the deep troughs in the marijuana market can seem reckless, especially with the negative momentum, but it's these marijuana market "resets" that end up being the best entry points in retrospect. Thus, Warren Buffett's mantra of "[being greedy while others are fearful](#)" still appears to apply in the seemingly nonsensical and nascent world of marijuana.

## Foolish takeaway

It looks like traders are looking for any reason to offload their marijuana trades. And although there's more short-term pain ahead, I think investors may finally have the green light to nibble away at their favourite pot stocks on weakness.

It certainly feels like the marijuana investment thesis has soured along with the trade, as a "sell-the-news" scenario may end up playing out once legalization day finally hits. Although certainly a possibility, I think it's also likely that pot stocks will once again heat up towards the end of the year as they did in the last three years. We'll have to wait and see.

Stay hungry. Stay Foolish.

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## Author

joefrenette

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