



Sell Marijuana Stocks like Canopy Growth Corp (TSX:WEED) Now Before They Fall Victim to Further Market Carnage

Description

The [days of reckoning](#) are upon us. Marijuana stocks are being killed.

I mean, we knew the euphoric state could not last forever, but it is still a shock to see how fast they are falling.

Since October 15, **Canopy Growth's** ([TSX:WEED](#))(NYSE:CGC) stock price has tanked 26%, **Aurora Cannabis's** stock price has tanked 24%, and **Aphria's** stock price has tanked 21%.

Those are big numbers — so big that I tripled checked them.

And today, at the time of writing, the carnage continues.

So, reality is setting in after legalization — a reality that is nowhere near as rosy as the anticipation, as investors realize that these marijuana companies may not be deserving of their inflated market caps.

Marijuana shortages, production issues, pricing, and the realization that there are many marijuana companies in an industry with low barriers to entry are all putting a damper on sentiment.

Will marijuana companies effectively execute their strategies, and where will pricing shake out?

Clearly, this industry has a lot of growth potential, with estimates that the market size will be in the tens of billions of dollars. But because it is an industry that is essentially at its infancy, we must bear in mind that market conditions and companies involved in it are all subject to heightened risk.

Canopy has an enviable position in this industry.

Canopy Growth's deal with **Constellation Brands** is certainly a big vote of confidence for the marijuana industry and for Canopy, and this represents an advantage for Canopy stock.

Constellation Brands currently has a 38% stake in Canopy Growth, and as such, they are the leaders

in the edibles area as we wait for the legalization of cannabis edibles.

Canopy Growth stock is clearly still the leader and the stock that I will be watching most closely.

With 12 facilities across the countries, supply agreements with all provinces, and the Constellation deal backing it, this company has the lower-risk stock of the marijuana stocks.

But, of course, we have to move on from this because and be ready for when things start to get interesting again.

So, as we watch marijuana stocks fall back to reality, the silver lining is that for those of us who believe in the marijuana industry but do not want to participate in a bubble or a gamble, we are closer to capitulation.

I want my investments to make sense from a risk/reward perspective. I want the stocks I buy to have some real numbers and real financials behind them and I want to be able to sleep at night.

The [bubble is bursting](#), and we will one day be able to invest on fundamentals if we want to invest in marijuana stocks.

The unwinding of a bubble takes time and we want to be ready to jump in when it's done, so keep watching.

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