

## Warning: Weed Stocks Are Too Hot to Touch Right Now

### Description

The cannabis sector has bounced back nicely in 2019 after being pummeled in the weeks following legalization of recreational use. I'd written about the [cannabis sector carnage](#) back in October 2018. In that article I'd suggested that investors hold on tight and prepare to stomach volatility in the near term.

Investors that rode through that storm and bought the dips have been rewarded in early 2019. The historically volatile sector has [rewarded the faithful and burned the shorts in January](#). However, this rally is already showing major weakness. Investors who have not taken profits from the early 2019 bump should consider doing so soon, even if they intend to re-invest back into this exciting sector.

Today I want to go over three of the top producers listed on the TSX and NYSE. These equities are all priced high as of close on February 6.

#### Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB)

Aurora Cannabis stock fell 3.48% on February 6. Shares had surged 47.2% in 2019 as of this writing, but the stock is still way down from the all-time high of \$16.24 it reached immediately before legalization kicked off. Aurora CEO Terry Booth has been critical of the cannabis rollout in Canada, stating that only Alberta and perhaps Saskatchewan have handled legalization properly.

Aurora has climbed into overbought territory twice in January and February. As it stands in the early morning hours on February 7, Aurora boasts an RSI of 62. This indicates that the stock is just outside of overbought territory. Aurora's revenues came in below analysts' expectations in Q2 fiscal 2019, but the company projects that its earnings will kick into high gear in the second half of the fiscal year as production ramps up.

#### Canopy Growth ([TSX:WEED](#))(NYSE:CGC)

Canopy Growth stock fell 3.73% on February 6. Shares had soared 67.6% in 2019 as of this writing. The stock was also up over 110% year over year.

Of the major producers, Canopy Growth remains the surest bet. The stock received a boost due to a report from **Canadian Imperial Bank of Commerce** that projected that Canopy would become a "global titan" in the cannabis sector. It credited its top-flight management team and early international acquisitions.

Titan or no, Canopy stock is still trading at a premium as of close on February 6. Shares burst into overbought territory in the latter half of January, but have since cooled and have an RSI of 60 as of this writing.

#### Aphria (TSX:APHA)(NYSE:APHA)

Aphria stock plunged 9.03% on February 6. Shares had still climbed 63% in 2019 as of this writing.

The stock had enjoyed marginal increases for much of January, though the departure of CEO Vic Neufeld did generate some momentum. The most recent pop came after reports that Green Growth may tweak its bid for the company. However, Aphria formally rejected the original bid this week, and it's unclear whether an adjusted offer is forthcoming.

Aphria stock boasted an RSI of 65 as of close on February 6. Shares fell out of overbought territory, but are still pricey as we stand in early February.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:WEED (Canopy Growth)

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing

## Date

2025/08/18

## Date Created

2019/02/10

## Author

aocallaghan

default watermark

default watermark