



2 Pot Stocks That Are Nearing Oversold Territory: Should You Buy Today?

Description

When a stock is oversold it could be a great time for investors to buy at a reduced price. Whether it's a result of bad press, disappointing earnings, or nothing apparent at all, an oversold stock is one that sometimes can be due to bounce back as a result of excessive negativity. Below are two stocks that look like they might become oversold very soon and that could be great buys today.

Cronos Group Inc ([TSX:CRON](#))([NASDAQ:CRON](#)) is hovering right around oversold territory, as the stock has fallen a whopping 23% in just the past month. Cronos last week hit a **Relative Strength Index** (RSI) of 31, which is just above the oversold mark. RSI typically looks at stock's average gains and losses over the past 14 days. And when the losses outweigh the gains, the number gets lower, and once it falls to 30 or lower, it's considered oversold.

Cronos is just barely above that threshold now, but it's another bad drop away from falling below an RSI of 30. The reason for the stock's decline isn't a mystery, as the share price has been falling ever since the company released its [fourth-quarter results](#), which showed strong growth but included a big loss as well. The last time the stock was trading this low was early January, and while it may have been overpriced, I wouldn't be surprised if Cronos bounces back from this sell-off. There's still a lot of promise for the company, and I wouldn't count it out just yet.

Aphria Inc (TSX:APHA)(NYSE:APHA) is another stock that has crashed after releasing its quarterly earnings earlier this month. The stock has declined by 23% in a little more than a week, and at an RSI of 30, it is hovering right along the oversold mark. The last time that Aphria was oversold, it was trading at around \$5 back in early December and went on to soar afterwards. However, that doesn't mean that the same will happen now, but Aphria could well recover from where it is today.

After all, Aphria had tremendous sales growth in its [most recent quarter](#), and while it did post a big loss thanks in part to impairment charges, running a profit is not exactly what cannabis investors have expected from companies thus far. And so being punished severely for those results doesn't seem warranted. At a price-to-sales ratio of around 20, Aphria is arguably one of the better buys in the industry today.

The company's struggles are nothing new, however, as since January of 2018, Aphria has fallen 45%

in share price. During the same period, Cronos is up 116%, and other pot stocks have also had success. Aphria, unfortunately, has been one of the underperformers in the industry, as bad press has hurt the stock. Ultimately, at the end of the day, it's still one of the top pot stocks in the country and with a new CEO leading the charge, it has an opportunity for a fresh start that could bring some excitement back to it.

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Author

djagielski

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