



## 2 Marijuana Stocks Going Downhill Fast

### Description

Things are starting to get interesting in the marijuana industry. After a surprising quarterly report from **Aphria** that showed significant net *and* operating profits, the company's stock went on a major bull run, rising 31% in a single day.

The rising tide didn't lift all boats, however, as many weed stocks kept tanking. Between Health Canada regulatory drama and the huge losses some weed stocks posted recently, many of them are still going downhill fast. The following are just two of the most notable under-performers.

### Canopy Growth

**Canopy Growth Corp** ([TSX:WEED](#))(NYSE:CGC) is the largest marijuana stock in terms of market cap and full-year revenue. Although Aphria's most recent quarter beat Canopy's on total sales, the latter still enjoys the perception of being the #1 weed vendor in town.

However, this "number one" has been taken down a peg recently, after posting a massive net loss and going into a death spiral in the markets. The company's recent loss of \$335 million was the largest it ever posted, representing over 300% of revenue.

The operating loss of \$160 million was smaller, but still almost twice revenue. With losses like these, you'd expect Canopy to take a hit in the markets, and sure enough, it's down 25% since June 20.

We'll have to wait and see whether [Bruce Linton's firing](#) will turn things around, but so far, it looks like Canopy investors have more pain to come.

### CannTrust

**CannTrust Holdings Inc** (TSX:TRST)(NYSE:CTST) is a small weed company that recently got into big trouble. Specifically, it was caught growing weed in several rooms which [hadn't been properly licensed prior to the commencement of the grow ops](#). The amount of weed allegedly grown without a

license was 5,000 kilograms.

CannTrust quickly admitted its wrongdoing and even placed a voluntary hold on a further 7500 kilograms worth of product. However, the fact that the company put an additional hold on its inventory means that a huge percentage of its saleable product isn't moving.

Some commentators have said that the company will earn no revenue for the remainder of this quarter. I haven't found a source within CannTrust confirming that that's the case, but it's clear that the company will miss out on a lot of sales it would have otherwise made.

Whatever happens, investors have clearly indicated that they want nothing to do with CannTrust. Since July 5, the company's stock is down 55%, and that's only the losses we've seen *since* the scandal broke.

The stock was already going down well before that—for the entire year, the stock has lost 78% of its value. One fortunate consequence of this is that TRST shares are now fairly cheap.

However, with the possibility of even more Health Canada scrutiny on the horizon, this stock isn't in a great place right now.

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2. Investing

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1. Cannabis

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