



These Canadian Cannabis Stocks Are High-Risk Investments Right Now

Description

It seems investors have no patience with unprofitable pot stocks at the moment. Staring down a recession while sitting on potentially overvalued pot stocks is not a comfortable position to stay in for too long, and with the sell-off in cannabis stocks on the **TSX** in the last few weeks, it would appear that shareholders have finally decided that enough is enough, with very few exceptions.

With signs that both China and Germany could be facing their own recessions, investors all over the world are facing some tough decisions. Two questions are on every stock investor's lips at the moment: Should you sell, and what should you hold on to if you stay in the game?

Let's take a look at which Canadian cannabis stocks are on the move amid a growing storm of market stressors.

A market correction could set pot stocks back indefinitely

Tilray ([NASDAQ:TLRY](#)) finds itself in an especially precarious situation at the moment, pincered between a strategy that has favoured expansion over focusing on making a profit in a dependable niche and the gathering storm clouds of a [North American recession](#). Earnings misses are no longer permissible in this market, as the **NASDAQ**-listed cannabis company has found to its chagrin.

And the pain is likely to continue in this sector. It's not 2018, and the easy short-term upside that was going to be had in this sector has been had already. What's left now are a few last-minute capital gains plays and some big-name brands worthy of a long position.

Gone are the days of never-never investing in the marijuana patch. Tilray's philosophy of spreading itself out across multiple markets looks like it's going to have a hard time paying off.

How sturdy is your long position looking?

Even the big guns are feeling the pinch. **Canopy Growth** has stated that it's three years away from

profitability, and has lost almost 18% in the last five days of trading. Meanwhile, **CannTrust** is all but dead in the water and is still bleeding profusely, losing another 10% in the last week. Newly debuted **Avicanna** doesn't seem to be exciting investors as perhaps it would have done this time last year, trading flat at \$4.40 at writing.

On the other hand, **Charlotte's Web** is up a few percentage points today, with its laser-beam focus and CBD exposure [keeping investors' interest piqued](#). **Aphria** is in the same category here, still pulling in shareholders and doing its bit to keep the cannabis sector afloat almost single handedly. In short, newcomers to the marijuana space have solid possibilities in Aphria and Charlotte's Web, but little else at present.

The bottom line

Tilray is no longer the get-rich-quick stock early recreational cannabis investors thought it was – so where is better upside to be found? Investors are proving keen to wield their power at the moment, rewarding and punishing according to profitability, earnings reports, and headlines.

With a potentially severe market correction just around the corner, all but the hardest of pot stocks will get through with only minimal damage.

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