



## 3 Marijuana Stocks to Avoid Like the Plague in August

### Description

It's almost unbelievable how much marijuana stocks have come down. It seemed times of trouble were over with the new year, as many pot stocks managed to rebound to where they were during the summer of 2018. Some even hit all-time highs.

But that all changed around April, when pot stocks, again, slumped. Since then, it's been a struggle for many marijuana companies that hasn't become any better.

For these three companies in particular, things have been extra difficult. But while some might be looking at this time as an opportunity to buy pot stocks on the cheap, for at least the remainder of this month, I would avoid all three as if each were on fire. If not, you could get seriously burned.

### CannTrust

One such pot stock that should be no surprise on this list is **CannTrust Holdings** (TSX:TRST)(NYSE:CTST). The company has been in [serious hot water](#) lately after it was revealed by Health Canada that the company had been using five unlicensed facilities to grow some of its products. The news also led to the firing of CEO Peter Aceto, who apparently knew about the unlicensed rooms. The company is now under investigation, and it could lead to its licence being revoked.

The stock has been steadily falling since around the end of March, but with the news shares dropped by half at the time. As of writing, shares trade at around \$2.60, and though the stock has plenty of reason to see this as absurdly cheap, I would still hold off for now and keep this on your watch list.

There could definitely be more bad news for this company, including the revoking of its licence and a fine for up to \$1 million. But CannTrust is also set up for some major production in the future. This could send the stock rebounding significantly, but until then, this stock could also be worthless.

### Canopy Growth

Another stock hitting headlines right now is **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC), which most recently reported an incredible loss of \$1.28 billion. The loss mainly came from its partner **Constellation Brands** extinguishing warrants worth \$1.18 billion, and investors were in shock. Coupled with even more bad news in its earnings, such as revenue dropping, the stock dropped about 15% after the news.

Analysts downgraded the share price for Canopy pretty much across the board, as it doesn't look like investors can expect much major movement from this company for at least the next year. Though digging deeper, it looks like the loss wasn't so bad if you take out the warrants from Constellation, it'll still be three to five years before the company is profitable. Management also confirmed that by the end of 2020 the company expects to hit revenue of \$1 billion.

So, while the stock is still likely a bargain, I would wait for some better news — such as signs of cutbacks and movement towards profitability — before buying shares again.

## Hexo

Finally, we have **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), which isn't in the predicament of either CannTrust or Canopy but still warrants staying away from for the time being. The company has had some good news, but its financial reports leave much to be desired.

Signs of improvement are coming, however, as Hexo recently announced its dried flower cannabis products are now available in Ontario — Canada's most populated province. But what investors are really interested in is the company's partnership with **Molson Coors** and **Newstrike**, as the areas of derivatives and vapes could prove [highly lucrative](#) for this company.

But until that time, I would wait for Hexo's next earnings report on Sept. 12 before buying this stock. If consumables and vapes don't hold up, this company could slump even further.

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2. NASDAQ:HEXO (HEXO Corp.)
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4. TSX:WEED (Canopy Growth)

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