



## 3 Tanking Marijuana Stocks That Still Aren't Worth Buying

### Description

Marijuana stocks spent the summer of 2019 falling into the abyss. Now, some are saying they're ready for a comeback. In August, **Canopy Growth Corp** ex-CEO Bruce Linton went on the record as saying he was scooping up shares in his former company's "sale."

More recently, Fool contributor Joey Frenette wrote that Canopy had hit a support level and had become a possible buy. Indeed, Canopy and other weed stocks have been on the rise over the past week, perhaps vindicating the bulls' thesis.

Nevertheless, there are other weed stocks that you still shouldn't touch with a ten-foot pole. The following are just three of them.

### Tilray

**Tilray Inc** ([NASDAQ:TLRY](#)) is a former darling of the marijuana industry. After its IPO, [it rose 755% in just under two months](#), making it the single biggest riser in summer 2018's cannabis mania. More recently, however, the stock has fallen out of favour.

Thanks to the unbelievably high valuation it reached in 2018, TLRY was due for a correction. And "correct" it has, having falling 78% since its peak 2018 price. However, the stock still trades at a whopping 27 times sales despite having lost \$35 million in its most recent quarter.

### CannTrust

**CannTrust Holdings Inc** (TSX:TRST)(NYSE:CTST) is a stock that needs no introduction. After it was [discovered growing pot in unlicensed rooms this past summer](#), it became the black sheep of the cannabis family.

As a result of its unlicensed activities, CannTrust has had holds placed on thousands of kilograms worth of its product by Health Canada.

The holds are large enough to prevent the company from earning any money this quarter, and its sales growth will likely stall when it next releases earnings. However, what happened in this most recent quarter isn't even the worst of it.

The fact that CannTrust has been caught growing pot in unlicensed rooms not once, but twice, means that it will have extreme regulatory scrutiny on it going forward, which may force high compliance and legal costs on it for the foreseeable future.

## **Emerald Health Therapeutics**

**Emerald Health Therapeutics** (TSXV:EMH) is a small-cap marijuana stock that produces a variety of CBD oil and dried cannabis products. Its focus on CBD oil is somewhat encouraging, as that product category tends to have higher margins than regular dried cannabis.

However, the stock has spent much of 2019 tanking, having fallen 60% from its peak price this year. The culprit, as with most marijuana stocks, seems to have been big losses: from 2015 to 2018, the company lost money each year.

Although the loss has been getting smaller over time, the company is still struggling to turn a profit on its cannabis operations.

On the other hand, the fact that the company's Q2 loss of \$450,000 was down from a \$5 million loss a year before is very encouraging: that's a big bite taken out of losses, and could be an indication that the company will become profitable soon.

For now, though, this stock remains one to pass on until future quarterly reports paint a better picture.

### **CATEGORY**

1. Cannabis Stocks
2. Investing

### **TICKERS GLOBAL**

1. NASDAQ:TLRY (Tilray)

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