



## The 2 Worst-Performing Marijuana Stocks of 2019 (So Far)

### Description

The year 2019 hasn't been the best year for marijuana companies. Faced with rising losses, regulatory scandals and negative publicity, their share prices have been dropping fast.

For the year, the **Horizons Medical Marijuana Life Sciences ETF** (which tracks the sector) is down 9.75%, and the biggest losers are down much more than that.

Now that legalization is nearly a year into the rear view mirror, it's becoming clearer that recreational pot isn't the panacea some had hoped for.

Not only has legal weed failed to make marijuana companies profitable, but the rush to get legal weed to market arguably contributed to **CannTrust Holdings Inc's** (TSX:TRST)(NYSE:CTST) infamous regulatory scandal.

In this environment, almost all weed stocks are suffering. The following are the two of the biggest losers of the bunch.

### CannTrust — down 75.7% as of this writing

CannTrust has received the greatest amount of negative publicity out of all marijuana stocks in recent months. Due to its regulatory troubles with Health Canada, it has become a black sheep in the cannabis family.

Since the news of the Health Canada scandal broke, CannTrust has fallen 73%, but the full year-to-date loss is higher, at 75.7%.

The stock had already been falling earlier in the year thanks to its mounting losses (previously it had been one of the more profitable marijuana companies), so when the Health Canada drama hit, the stock got a double dose of pain.

Further, these losses are likely quite justified, as Health Canada's holds will dramatically reduce the

company's revenue — making its next earnings release an almost certain disappointment.

## Tilray — down 58% as of this writing

**Tilray Inc** ([NASDAQ:TLRY](#)) is another weed stock that's seen better days. It had a very successful IPO, [rising 755% in the span of just two months](#).

Timing was a big part of the company's IPO success: it went public at just about the same time that **Canopy's** \$5 billion M&A deal sent the entire cannabis sector soaring.

However, the irrational exuberance sent Tilray shares to alarmingly high level, and it was due for a correction. And correct it has, having fallen 58% year to date as of this writing.

Tilray is fairly unique among marijuana stocks in that it started crashing very early in the year, having reached its peak closing price on January 14. The rest of the sector got a bit of an early 2019 boost, with the Horizons ETF having risen until about March 18.

Unlike CannTrust, however, Tilray's slide is not attributable to any particular drama—regulatory or otherwise. Rather, it's the inevitable consequence of an over-inflated stock price. At one point, this stock was [trading at over 200 times sales](#)—that's *sales*, not earnings.

The level of revenue growth needed to justify such a price is practically unheard of, and while Tilray's 331% year-over-year growth is phenomenal, the company is still losing money.

After all these months a falling share price, Tilray is cheaper than it once was, but it's still a very expensive stock, and its growth will likely slow down after the boost from legalization fades into the rear view mirror.

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