



Aphria (TSX:APHA) Is an Oversold Weed Stock to Buy Now

Description

Marijuana was once one of the fastest-growing markets in the country. Now, it's losing investors, and the market value is steadily dropping. The most prominent players in the market are now seeing the most substantial dip in their market values. What does that mean for you as an investor?

Does it mean that the green leaves of the weed market have finally turned black? Hopefully not. There are still players in the market with relative stability and future growth potential — an example is the oversold stock of **Aphria** (TSX:APHA)(NYSE:APHA). Here is why.

Not the worst of the bunch

The last few months have been worst for the whole marijuana industry. Almost every marijuana stock saw a slump in market value, especially the most prominent players. **Canopy** and **Aurora** have seen a decline of about 45% in the market value in the past three months. **Cronos** stock fell by a shocking 40%.

Compared to that, Aphria's 25% does seem more digestible. Other than the overall market decline, the company's investment in **PAX Labs** might be a reason for the falling market share.

PAX Labs and Cannabis 2.0

Aphria projected that following the legalization of cannabis-based products like edibles and vapes, that vapes alone would make up for about 30% of the recreational marijuana market. This is one of the reasons the company invested heavily in PAX labs, a California-based market leader in cannabis vaporization devices.

This investment was hailed as a decision for the future, until several vape-related deaths and subsequent anti-vape movement in the U.S made [investors uncertain](#) about the company's plans. Speculations surrounding these deaths make it hard to predict the future of vapes and their success in the adult marijuana industry.

Definitive studies in this regard will follow the mass production and distribution of vapes and other products following the second wave of legalization of marijuana-based products: Cannabis 2.0. And if the recreational market resumes its trust, the decision to invest in this risky venture might as well catapult Aphria's market value.

A solid foundation and future growth

Even with the market value way behind three industry giants, Aphria, with its \$1.72 billion market cap, was the third-largest producer in the country and a top international seller. This broad market reach and the company's bold decisions about investing in a risky avenue indicate growth potential.

Aphria is also known for the lowest unit cash cost, which allows the company to sell at a discount yet still be profitable. Aphria's Double Diamond facility was granted a licence just last month. This automated facility is expected to [increase Aphria's production](#) volume significantly. It won't add to the actual capacity for a while, but it's an indicator of the future.

Conclusion

If you thought the boom of the marijuana industry is over or are expecting a second coming, there is no definitive answer. But it can't be denied that after sharp inclines and declines, the weed stocks might settle down and see steady growth in the coming months.

Currently, Aphria is trading at \$6.86 a share. The company plans to share the first-quarter results on the 15th of October. Right now, Aphria is worth taking a long, hard look at if you are planning on adding a weed stock to your investment portfolio.

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