



Why the Aphria (APHA) Stock Price Fell 8.7% in January

Description

Cannabis stocks have certainly taken a beating in the last year. For some, this beating continues into 2020. **Aphria Inc.** (TSX:APHA)(NYSE:APHA) stock price fell once again in January, as other cannabis stocks have benefitted from investors seeking a bargain in this potentially lucrative industry.

From Aphria stock target price raises to EU certification to analyst upgrades, recent Aphria stock news gives us every reason to have expected Aphria stock price to rise in January. But alas, investors appears to be more focused right now on the risk that remains in Aphria stock.

Some cannabis companies will not survive

The fact is many cannabis companies will not survive. Aphria stock is trading at levels last witnessed in 2017 and the situation is precarious right now.

It seems that after focusing only on the positives and the potential upside in the bubble phase, investors have become more realistic and more cautious with respect to cannabis stocks, which is a good thing.

Despite the fact that Aphria's balance sheet remains in good shape and that the company is making good progress in its entrance into the significant and expanding German market, we have the aftermath of a bubble, where investors can easily switch from overly optimistic to overly pessimistic.

Is weakness in Aphria stock price a buying opportunity?

It's an important exercise to periodically review the performance of our stock holdings as well as those stocks on our watch lists. This review should happen at least once a year, but also when big stock price movements are noticed.

[If you're one of the many investors just waiting for the cannabis bubble to burst, this is an exciting time for you.](#) In entering this sector though, I would still recommend buying a basket of cannabis stocks so

that you [diversify your risk and minimize your downside](#).

The industry is still rampant with risk, with limited predictability and visibility in the specific cannabis names. The diversification is worth the risk, as it only takes one of your cannabis holdings working out to make this venture worthwhile, as the companies that prove to have staying power have massive upside.

Foolish bottom line

The cannabis industry is a potentially lucrative one that's still getting its bearings and attempting to work through the many issues present in any new industry.

It is also one that's innovating at a faster pace than ever before. With the goal of improving lives as the population ages, investors can be sure that this sector is here to stay.

In closing, I would like to remind foolish investors of our belief in holding great businesses for the long term. While this belief remains intact, we are also aware that sometimes, short-term stock price movements create opportunities to create wealth.

Blending this long-term focus with a keen eye for short-term stock mispricings, we can use both strategies in harmony, and our quest for financial freedom can be fulfilled.

As far as Aphria goes, continued weakness in its stock price is uncovering value for investors looking to pay bargain prices to gain exposure to the cannabis industry.

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