



Cannabis Stocks: A Volatile Week Sees Share Prices Soaring

Description

It's easy to pinpoint when the current cannabis roller-coaster ride fired up. While momentum had been bubbling throughout last summer in the pot stock space, it was the VP debate that kick-started the latest round of speculation. The words "We will decriminalize marijuana," spoken by VP pick Kamala Harris, [lit up the markets](#) and sent cannabis stocks soaring.

A very 2021 investment thesis

Joe Biden's fraught electoral victory has been attended by a resurgence of bullishness in the green stuff. A full-throated bull run is intoxicatingly close, as this week on the markets has shown investors. But will the feeding frenzy last, or will it turn out to be more of a Sunday buffet? The outcome hinges on a starkly divisive political environment south of the border. But despite this week's violent unrest, pot stocks are climbing on democrat wins. It could be a harbinger of things to come.

Up 36% in the last five days at the time of writing, **Tilray** ([NASDAQ:TLRY](#)) is not a stock to buy cheap right now. But there's still upside to be squeezed from this name over the near-term, so momentum investors have a tough decision to make. For investors of a lower risk threshold, though, Tilray is overpriced. Indeed, if it was too rich for the asking price last week, it's many times more so after the latest bull run.

The question for the uninvested right now is: "Should I buy on a pullback?" The answer lies in whether or not Tilray can go the distance as an eventual market leader. Because in the post-legalization cannabis space, characterized as it is by disappointment, investors are increasingly looking at building long positions. Whether there is value in the **Aphria** merger or not, only time will tell. And it's not necessarily a sure thing.

The bottom line for pot stocks

As always, the [focus is on revenues](#). But the pandemic has proven problematic for cannabis producers. The situation wasn't helped by a preexisting piecemeal retail environment. The uneven

legal marijuana outlook in the U.S. also leaves a sour taste, with the Biden bull thesis weakened somewhat by deep-seated political divisions. Such divisions have never been so visible as they were this week.

Not that investors seem to be looking that deeply into the situation. Aphria is up 23% in five days. Other players in this space are also seeing gains. **Canopy Growth** is up 21% this week, even after a holiday period that saw the producer cut ties with **Canopy Rivers**. Its option to snap up Acreage Holdings in the event of U.S. federal cannabis legalization no doubt appeals to Biden bulls.

But the real upside could lie elsewhere. Consider such names as **CuraLeaf**. This name has attracted somewhat less attention this week, despite a rosy outlook for the year ahead. Up 11%, CuraLeaf is an attractive alternative to Tilray and Aphria. With one-year returns potential of +110%, CuraLeaf could win big in the next 12 months if revenues are as strong as projected.

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