



Why Did Cannabis Stocks Go up in Smoke on Monday?

Description

Cannabis stocks posted huge losses on Monday, as shares of multiple companies fell around 10% or lower in early trading. This comes as the **TSX** today posted [losses](#) as well, as stocks across the board fell.

What happened?

The drop in cannabis stocks comes likely from a combination of the drop in the market, along with incoming earnings reports. And that leads to many believing certain cannabis [companies](#) will be due for a fall — some more than others.

Three earnings reports coming up include **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) and **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). Both should announce earnings in the next week or so, and it's likely the cannabis stocks will be quite hurt. This comes from both the decrease in production and the pandemic slowing down sales.

But they weren't alone. **HEXO**, **Charlotte Web Holdings**, and **Fire & Flower Holdings** all dropped more than 10% as well on Monday. Hexo, Aurora, and Canopy all reached [52-week lows](#).

So what?

What Motley Fool investors will wonder is whether this is a temporary situation or not. The answer is a very annoying yes and no. On the one hand, it's quite likely that these companies will report huge losses during the next earnings reports. Canopy and Aurora cannabis stock earnings are due out around Feb. 9. The others won't come out until March in some cases.

When reports come in, shares may indeed fall further, which could seriously hurt cannabis stocks across the board at time when the market is volatile. But there is some light at the end of this dark tunnel that we've been travelling through for the last three years.

Now what?

The situation for cannabis stocks is indeed temporary when you look at the big picture. What it will come down to, as always, is legalization in the United States. Any hope for a recovery in 2022 will lie with the U.S., which would be the world's largest consumer of cannabis products. However, a step forward could simply be federal decriminalization, promised during President Joe Biden's campaign.

Meanwhile, there is hope in Canada. One of the largest consumers of cannabis in the country is in Ontario, where edibles continue to be sold out again and again. This has proven to be a major revenue holder. And it's something all of these companies have a piece of.

However, supply still doesn't match all this demand, and the pandemic continues to weigh on the industry. The rules are complicated, there are too many options, and no one is sure when the U.S. will get on board.

But for cannabis stocks, this isn't a "if" but a "when." So, if you're patient enough to ride through this volatility, it might be a great time to pick up any of these cannabis stocks trading at or near 52-week lows.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NASDAQ:CGC (Canopy Growth)
3. TSX:ACB (Aurora Cannabis)
4. TSX:WEED (Canopy Growth)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Cannabis Stocks
2. Investing

Date

2025/08/22

Date Created

2022/01/24

Author

alegatewolfe

default watermark

default watermark