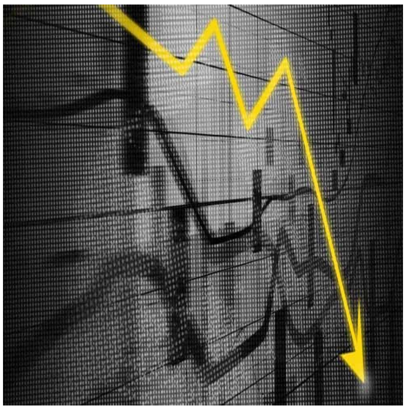

2 Industries That Saw the Worst Decline Last Month

Description

The TSX has been going down for a while now. The first “correction” phase was between April and May, and the second one, after a brief reprieve, started out in June, and it’s still underway.

Whenever the market is sliding down, especially at this pace, you have a chance to grab many usually expensive stocks at bargain prices. But not every underlying sector and industry falls at the same pace. Some fall harder than the broader market, while others manage to stay above the benchmark decline.

And if it’s a heavy discount you are after, companies from the industries that have left the broad market in the dust when it comes to falling are your best bet.

However, it’s important to understand that there are usually reasons beyond the simple market-wide correction driving such harsh declines, and understanding these reasons is important before you tie your capital to risky investments simply chasing the best discount tag.

The marijuana industry

The marijuana industry/cannabis stocks have been falling for a very long time, and their decline has less to do with the market pressure than their own fundamental weaknesses. The last month has been especially brutal, and once giants like **Aurora Cannabis** (TSX:ACB)(NASDAQ:ACB) have fallen well over 60% in the last 30 days alone.

The company is rapidly going down in market value, and if the decline continues, it’s expected to become a micro-cap in a matter of months. The current price of $1.6 is roughly a hundredth of $160 — a price point it hit twice in the last five years. And even though the probability is brutally low, if the stock *does* reach that point again, it can offer 100 times growth to investors that buy it now and at the current brutalized price.

The current market capitalization is less than half the $1 billion loss the company posted in the most recent quarter, and it has started taking drastic measures in order to cut down costs, which includes selling its flagship production facility. But if the company can turn things around, it may be a comeback of the decade thanks to the extent of the decline.

The crypto industry

The tech sector itself is falling harder than the market as a whole, but no tech industry is as deep in the rut as crypto is. Companies like **Voyager Digital** (TSX:VOYG) have fallen hard since last year's peak. This crypto trading platform has lost over 93% of its market value in over eight months, and according to the current trajectory, it may fall a bit more.

Like the cannabis sector's decline, this fall is driven by external factors, and in this case, the catalyst is the drastic fall of the underlying asset class. **Bitcoin**, the founding crypto and, to an extent, the indicator for the crypto market's health, has already fallen to a third of its peak value, and the slump continues. The probability of a solid recovery within the year is shrinking quite rapidly.

Foolish takeaway

The harder they fall, the more magnificent the recovery. It's a relatively rare phenomenon, but it does happen. An example would be the current phenomenal growth of the energy sector that was mostly on the downward path between 2015 and late 2020. The same *might* happen with marijuana and crypto industries, but it would be foolish to ignore the risks associated with them, especially in the current economy.

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Author
adamothman