



## PAUL COHEN'S *Marijuana Hub*



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### MORE ON THE MARIJUANA STOCK MARKET

- ▶ Just when we thought it could not get worse, it got worse.
- ▶ The 96 company Cohen Grassroots Marijuana Index continues to collapse. It is now down 85% from its 2014 highs in 2014.
- ▶ Despite good industry news, especially on the Medical Marijuana front, the general marijuana stock market continues downward. Macro industry growth will come, but its path will be strewn with failed companies.
- ▶ Q3 reports, on balance, continued to show that this industry has little cash, little earnings, difficulty in raising cash, and cannot sell its product. Shares prices are still being hyped with multiple press releases holding up stock prices.
- ▶ A good tip: figure out how much money these penny stocks spend on press releases and count these press releases. Perhaps the more press releases, the weaker the company? The future will determine this metric.
- ▶ Add to poor financial results and tax selling, this market continues to take its drubbing.
- ▶ We do not know the effect of tax loss selling, but we can guess that investors are taking huge tax loss sales at this time of the year. The thinner the stock, the lower are the share prices from tax selling.
- ▶ The question is this: can this market go lower?
- ▶ My answer is a guess yes because valuations are still unrealistically high when compared against fundamental securities analysis and corporate financial progress. Where is the beef? There is not much.
- ▶ I have never seen a roller coaster stock market like this one in my many years on Wall Street. Chickens always come home to roost. Water normally seeks its own level. Ultimately the bottom line will determine share prices.
- ▶ While fundamental corporate progress is been poor, the macro factors of industry growth, especially Medical, are very much in tact and are growing. Investors should do in depth fundamental research during these times. Long term gains are there for the patient risk-averse investor. Do your research now, don't trade stocks and do not be greedy.