

# Reddit traders send pot stocks to the moon — and back

*Cannabis stock spikes fueled by Reddit traders this week have little to do with fundamentals, says TradingView GM Pierce Crosby*

VANCOUVER, BC, CANADA, February 13, 2021 /EINPresswire.com/ -- As pot stocks come back down to earth, investors should realize this week's Reddit-fueled rally had little to do with fundamentals, and that retail traders bring a new recipe for mania in an already volatile sector.

That's according to Pierce Crosby, who follows stock market trends closely as general manager at investor social network TradingView.

This year's rise of the retailer trader market, and the volatility that comes with it, is a new factor to consider when investing in cannabis. But because popular broker apps like Robinhood don't offer trading of American multi-state operators, Crosby says the top U.S. pot stocks remain undervalued and are a less-risky bet related to potential federal legalization in the country this year.

After retail investors on [r/WallStreetBets](https://www.reddit.com/r/WallStreetBets) sent GameStop stock "to the moon" last month, the subreddit's millions of users had a new target this week: weed stocks.

Most notably, shares of Tilray Inc. (Nasdaq: TLRY) fell 49.7 per cent Thursday and continued to slide Friday, after rallying 112 per cent during the first three days of the week.

Stocks for other Canadian licensed producers went on similar swings this week.

Aphria Inc. (TSX: APHA) (Nasdaq: APHA) is down 6.5 per cent on the week, after surging 34 per cent to an all-time-high of \$39 Wednesday on the Toronto Stock Exchange.

Aurora Cannabis Inc. (TSX: ACB) (NYSE: ACB) stock rose 21 per cent Wednesday, fell 23.5 per cent Thursday, and is down about 1 per cent overall this week.

Canopy Growth Corp. (TSX: WEED) (Nasdaq: CGC) shares are down about 4 per cent on the week after climbing as high as 22 per cent on Wednesday.

The pot stock movement is related to high short-interest ratios, which measure how many of a

company's traded shares are being used in bets against that company.

GameStop shares surged from just below US\$20 to over US\$483 over a two-week stretch in January. The stock currently trades just above US\$51.

An army of Reddit traders essentially pushed each other to buy its shares and squeeze hedge funds that put major bets on the price to fall. Traders who bet on stock prices to decline are called short sellers.

"Broadly speaking, what you have is a very large audience who wants the next GameStop," Crosby says.

Read more: [US pot stocks have room to run even after Georgia runoff surge, analyst says](#)

- Reddit-fueled short squeeze favours Canadian pot stocks -

Cannabis stocks are attractive to Reddit traders because of their smaller market caps, so the traders can actually make a major impact on the price. Reddit can't move Apple or other billion-dollar companies because their market cap is too large.

According to a website that tracks stock ticker mentions on r/WallStreetBets, Calgary-based Sundial Growers Inc. (Nasdaq: SNDL) was the most popular stock Wednesday, overtaking GameStop.

That's likely because of major short interest in Sundial, as well as its smaller market cap of less than US\$1 billion at the start of the month, Crosby explains.

Short interest in the stock was equal to...

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