



Are These 2 Stocks Overpriced Right Now?

Description

The S&P/TSX Composite Index rose 73 points on February 12. The index has increased 9.2% in 2019 so far. I'd recently discussed high valuations in the [crowded cannabis sector](#), but it is worth noting that many of the top equities on the TSX are at or nearing overbought territory.

Today, we are going to look at two stocks that have hit 52-week highs in recent trading sessions. Should investors look to take profits in the near term? Let's dive in.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify stock rose 1.11% on February 12. Shares have climbed 23% in 2019 so far. In late October 2018, I'd recommended Shopify stock as shares plunged into [oversold territory](#). The stock fell below the \$160 mark in October but has since built impressive momentum.

The company released its fourth-quarter and full-year results for 2018 on February 12. Total revenue in the fourth quarter rose 54% year over year to \$343.9 million. This was led by a 63% increase in Merchant Solutions revenue to \$210.3 million, which was driven by the growth of Gross Merchandise Volume (GMV) and growth in Shopify Capital and Shopify Shipping.

For the full year, total revenue hit \$1.07 billion. Shopify made history in reaching this milestone, becoming the first software as a service (SaaS) company to cross the \$1 billion mark at this growth pace. GMV for the year was \$41.1 billion, which represented a 56% increase from 2017. Adjusted net income grew to \$39.2 million, or \$0.37 per share, compared to adjusted income of \$15.2 million, or \$0.16 per share, in the prior year.

Shopify has solidified its position as a giant in the fast-growing e-commerce market, but the stock is pricey after its most recent earnings release. As of close on February 12, Shopify stock had an RSI of 69, which falls just shy of overbought territory. Shareholders may want to think about taking profits right now, while prospective buyers should await a pullback before jumping in.

Valener (TSX:VNR)

Valener is a Montreal-based investment holding company engaged in the regulated energy business in the United States and Canada. Shares have climbed 14.3% in 2019 as of close on February 12. The stock reached a 52-week high of \$22.28 during yesterday's trading session before closing at \$22.12.

The company released its fiscal 2019 first-quarter results on February 8. Valener reported adjusted net income of \$24.6 million, or \$0.63 per share, which was up 23% from the first quarter of fiscal 2018. The Énergir portfolio powered positive results in the quarter and managed to offset milder wind conditions. Valener last paid out a quarterly dividend of \$0.3 per share, which represents an attractive 5.3% yield.

Solid results in the first quarter have propelled Valener stock into a pricey valuation. The stock boasted an RSI of 84 as of close on February 12. This indicates that shares have climbed well into overbought territory. Income investors can justify holding right now considering the attractive yield, but those looking to buy should exercise patience.

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