What Happened in the Market Today?

Description

Here are the stories we're following here at Motley Fool Canada for Tuesday, September 24.

BlackBerry disappoints

BlackBerry (TSX:BB)(NYSE:BB) shares are tanking after the beleaguered technology company reported lacklustre quarterly earnings.

Although revenue was up on a year-over-year basis, increasing from US$210 million to US$244 million for the quarter, it fell considerably short of analyst expectations of US$268 million. Adjusted earnings were essentially break even, which was a slight beat. Analysts were expecting the Waterloo-based tech company to post a small loss. It also posted positive free cash flow of US$14 million.

BlackBerry reaffirmed its fiscal 2020 guidance, telling investors it expects revenue for the year to increase by 23-25% versus fiscal 2019. It also told investors adjusted earnings should be positive.

Despite this rosy outlook, disappointed investors sent shares reeling, punishing the company for the revenue miss. Shares plunged $1.90 each, falling more than 19% each to $8.03 per share and setting a new 52-week low. It was BlackBerry's worst trading day since 2017.

Cineplex deal

Cineplex (TSX:CGX) shares surged forward on Tuesday, increasing nearly 4% on news the company inked a deal with **AMC Cinemas** to help the latter update the ambiance in its theatres.

The deal will see Cineplex's digital signage division update some 630 AMC theatres across the U.S. with new box office signage, menu boards, and other ancillary signage. Cineplex will also offer AMC access to its proprietary Flex Experience Platform, which will provide advanced playback features as well as maximum flexibility and control.

As the theatre division struggles with lacklustre attendance and the introduction of other streaming services, investors welcomed further diversification away from the core theater business. Although Cineplex did post a small increase in box office revenues during its most recent quarter, it was influenced by the runaway success of *Avengers: Endgame*, the highest grossing movie of all-time.

Remember, Cineplex shares pay a generous 7.3% dividend — a payout adequately covered by free cash flow.

Worried about Netflix

Netflix (NASDAQ:NFLX) shares continued their free fall on Tuesday, falling an additional 2.2%. Shares of the video-streaming giant have fallen more 25% since July, decreasing from a high of US$380 per share to today's price of US$260.

Investors are concerned about the streaming industry's new competition. Just a few months ago, Netflix really only competed with **Amazon's** Prime Video service. Both **Disney** and **Apple** have announced competing services, both coming online by the end of the year with aggressive pricing. And the stock just passed an important psychological point, officially turning lower for the year.

Pivotal Research also posted a bearish note on Netflix, causing additional nervous investors to hit the sell button. Analyst Jeffrey Wlodarczak told investors he's worried about higher costs to licence content and the aforementioned increased competition. Increased competition might force Netflix to cut prices, which puts a major dent in the company's long-term plans to dominate the market and eventually raise its monthly rate.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NASDAQ:NFLX (Netflix, Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:CGX (Cineplex Inc.)

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nelsonpsmith