



## Danger: 2 Stocks Going Downhill Quickly

### Description

It can be challenging to witness your stocks on the decline right in front of your eyes.

I understand how difficult it is to do all the research and then choose stocks for investment based on their potential for providing gains. Facing losses is the last thing you want to think about when investing in stocks.

Nobody wants to think about it, but potential losses will be there at the back of your mind. You may agree with the notion that you should consider the potential for loss as the first thing when you are considering a stock.

It does not matter what industry the company operates in, or how well-reputed it is, any stock can take a bad hit.

The harsh reality of how fickle the stock market can be is the reason why we will take a look at **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)).

These are both tech industry stocks on the decline right now. Let's take a look at what's happening with the two companies, and we'll also try to understand whether you should consider this as an opportunity to buy them or a warning to stay away from these two stocks.

### Shopify

Canada's blue-eyed tech darling, Shopify, has taken a hard hit recently. By the end of August, Shopify's share prices were as high as \$540. Just this past week, the company's stock prices fell as low as \$381 for a 29% drop within a month.

There was [no negative news](#), nor a negative earnings report for the sell-off, but it happened anyway.

The company's shares are trading at \$412.87 at the time of writing, which is a slight recovery for the tech stock. Investors shocked by the sudden drop in shares should take this as an opportunity to learn.

If you have a stake in Shopify, you need to be prepared to see shocks in the company's share prices because this is nothing new.

The stock achieved significant gains throughout the year, and many investors may have been tempted to cash out while the stock was running on a high.

The fact that Shopify's shares are overvalued doesn't help. Given that the company has no profits in sight and a slowing increase in sales, investors who chose to cash out did so to save themselves from potentially huge losses.

## BlackBerry

After rising to as high as \$13.47 this past March, BlackBerry shares have fallen fast and hard in the tail end of September to hit \$6.69 at the time of writing. Back in the day, BlackBerry was a premier smartphone manufacturer.

Still, the company didn't let losing a spot in that industry count it out. BlackBerry came back stronger than ever to become a substantial force.

BlackBerry is a multinational company specializing in enterprise software and the internet of things. Sliding by over 20% after the second-quarter reports from this fiscal year didn't come as a huge surprise.

BlackBerry fell short of the consensus estimates for the company's revenue. The company also reported a massive net loss corresponding with the disappointing revenue.

The Ontario-based company effectively recorded breakeven earnings. The revenue for BlackBerry in the Q2 2019 rose by 1.2% to reach \$244 million from \$210 million a year ago.

While the figures were better, they were far off the estimates touting that the company would generate \$268 million at this time. A \$44 million net loss also didn't help.

## Foolish takeaway

Here is what this Fool's takeaway is from the current decline: investors need to understand that these sudden sell-offs can happen out of the blue with Shopify.

You don't need a massive scandal or a miserable quarterly earnings report to see Shopify take a dip.

It can be as simple as one significant shareholder cashing out their profits to trigger stop losses, and the share prices to drop. While I can't say that the tech stock will bounce back to previous highs, I believe that Shopify can recover, and I'm feel inclined to feel the same way about BlackBerry.

You could consider buying BlackBerry stocks with a [long-term view](#) in mind. However, I feel that the

company might still exhibit a volatile short-term performance.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BB (BlackBerry)
4. TSX:SHOP (Shopify Inc.)

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