



## 3 OVERVALUED TSX Stocks Investors Must Be Careful With

### Description

Although markets look strong and poised to soar higher, valuations will play a vital role this year. Stocks already at peaks with large premiums could see some pullback in the short to medium term. Here are three such [TSX stocks](#) investors must be cautious with.

### BlackBerry

The Canadian software company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) has been in the news recently for all the right reasons. The stock, which rose just a couple of percentage points last year, has already more than doubled this year. But will the momentum continue?

Well, it could be too soon to tell. But BlackBerry is still a company that has declining revenues and market share. On a positive note, it [announced](#) a settlement of patent infringement last week with social media giant **Facebook**.

In another development, the mobile company-turned-a cybersecurity titan announced a sale of 90 patents to **Huawei**. While the company has not disclosed any details of both the deals, they are supposed to be quite positive for BlackBerry. Although that has caused its share prices to reach almost 20-year highs, the rally might not sustain longer.

BlackBerry's revenues declined in the last few years, while its profits were quite uneven. The company has not able to grow its revenues organically. The stock looks extremely overvalued, especially after its recent run. If the rally is not backed by solid quarterly earnings, the stock price could see some notable pullback.

### Pan American Silver

The precious metals might continue to have a great time ahead, but one stock seems to have gone too far. Canadian silver miner **Pan American Silver** ([TSX:PAAS](#))(NASDAQ:PAAS) stock almost doubled since the pandemic crash last year.

Pan American Silver is an \$8 billion company that operates in the production of silver, gold, and other base metals. It is the second-largest silver producer and has the largest silver reserves on the planet.

Experts forecast one of the best years for metals in 2021 on the back of the ongoing economic recovery. However, Pan American Silver stock is trading 135 times its 2020 earnings, which looks too stretched. Even if its earnings double in fiscal 2021, the stock still may not justify its premium.

It looks like investors are hoping for a steep rally in silver this year. However, traditional safe-haven — gold will likely remain at the centre stage amid the macroeconomic uncertainties. Silver is a relatively riskier metal and could jeopardize Pan American's rally in 2021.

## Cineplex

**Cineplex** ([TSX:CGX](#)) stock has soared 120% in the last three months. But it is still down by almost 70% from its year-ago levels.

While we might see the pandemic's end this year, it's not certain Cineplex will see that day. The company is grappled with challenges like mounting debt and a lack of cash. New variants of the virus and movie delays due to new restrictions only add to the company's troubles.

However, market participants seem optimistic over Cineplex's recovery. The stock seems to be holding \$9-\$10 levels pretty comfortably for the last few months. But CGX stock looks overvalued at these levels and could be a very risky bet for long-term conservative investors.

### CATEGORY

1. Coronavirus
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:PAAS (Pan American Silver)
3. TSX:BB (BlackBerry)
4. TSX:CGX (Cineplex Inc.)
5. TSX:PAAS (Pan American Silver Corp.)

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