



BlackBerry or Shopify: Which Canadian Tech Stock to Buy Now?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) and **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) are arguably two of the most popular Canadian tech stocks over the past year. But that's where I believe the similarities between the two growthy TSX stocks stop.

At the time of writing, BB stock and SHOP stock are on [opposite sides of the valuation spectrum](#). Fresh off a steep WallStreetBets-induced plunge, BlackBerry shares are trading at multiples that make it appealing to [deep-value investors](#). Shopify stock, while also coming off a vicious sell-off, trades at a nosebleed-level multiple.

A tale of two very different Canadian tech stocks

BlackBerry has faced numerous bumps in the road over the years, and it can't seem to catch a break. While the stock has tremendous long-term turnaround potential, I suspect that only the most patient of long-term investors will actually make big money from the name, as it continues its climb out of the depths of the coronavirus crisis.

Meanwhile, things keep looking up for those white-hot shares of Shopify. Everything that could have gone right for Shopify has gone right. Pandemic tailwinds were a major reason why SHOP stock crushed the market averages in 2020. While nobody knows just how long the e-commerce kingpin will continue defying the laws of gravity, I think it's an absolute mistake to bet against the name. Infamous short-seller Andrew Left went against Shopify a while back, and it wasn't a good time for the man made famous for successfully uncovering and shorting Valeant Pharmaceuticals many years back before its catastrophic implosion.

With BlackBerry and Shopify heading in opposite directions, value investors are likely to part with BB stock, whereas momentum chasers would be more inclined to buy SHOP stock amid its latest breather. Although BlackBerry is a former WallStreetBets meme stock, I do not suspect the retail army will return anytime soon. So, don't expect another insane spike in BlackBerry shares, or you could be left disappointed with major losses.

BlackBerry or Shopify stock? Deep value or momentum?

Right now, I'm not against buying Shopify or BlackBerry. But, as always, there's always a better bang for your buck. And I think Shopify is the better bet today and over the long run.

While I do think BlackBerry will be successful under CEO John Chen as it continues its transformation, there are a lot of moving parts that will make the company tough to get back on track promptly. I think a turnaround such that the firm generates meaningful organic growth could take years. And analysts are more than content to wait for BlackBerry to prove itself before the storm of upgrades.

Shopify is a winner that I believe will keep on winning. Although there's deep value to be had if BlackBerry can turn things around, the odds of generating alpha on the name over the next year are far lower than with the likes of Shopify. Shopify's in an enviable position right now. And I think the company can continue building upon its 2020 strength through 2021 and into the post-COVID world.

Seeing as most investors probably don't have the patience to wait years to see results on their investment, I'd have to go with SHOP stock all the way. That is unless you're keen and are willing to look foolish (lower-case *f*, folks) for months or even years.

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

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