
# 2 Stocks to Stay Away From Until Further Notice

### Description

Most of the time, you read about the stocks you should buy. While it is important to know what you should buy, it is equally important to know what mistakes to avoid. At one point, I was bullish on some stocks, and I still am. But these stocks have grown to levels where their upside has reduced. Even though Warren Buffett says not to look at the stock price but the business, he purchased his most profitable stock, **Apple**, at the dip.



## Price is what you pay

You should indeed buy into a business that you believe in and have a whole list of reason to buy and hold. But it is also true that a high price reduces the upside of a good fundamental stock. Buffett has said that price is what you pay and value is what you get. And these two stocks have strong fundamentals, but their current prices don't justify the value they bring to the table.

## Shopify stock

**Shopify** (TSX:SHOP)(NYSE:SHOP) is riding the e-commerce wave, which the pandemic accelerated. The company's 2020 revenue surged 85.6% on the back of pandemic-induced demand. The e-commerce company's management agreed that the revenue growth would normalize in 2021, as the 2020 sales brought 10-year growth in one year.

Hence, Shopify stock corrected 30% from its February high of over $1,850. I was bullish on the stock and recommended buying it during this correction, stating that the seasonality would drive the stock close to $2,000 in the second half. And that is what is happening. But a 28% growth in its stock price in the last 20 days is not because of seasonality.

Shopify has gotten a big customer: **Netflix**. Netflix has opened a Shopify store to sell merchandise of its shows to its +207 million subscribers worldwide. Names like **Facebook** and Google are also using Shop Pay. This news-based rally is the time to hold or cash out a portion of your profit and not the time to buy. Even with these accounts, Shopify will have a tough time replicating 95% revenue growth.

Hence, I would suggest staying away from Shopify stock at a $1,873 price tag. Any price below $1,400 is a buy. You can consider buying the stock sometime in September or the first half of 2022 when it sees a correction.

If you already own the stock, refrain from selling the shares, as it has more upside in the Santa Claus rally.

## BlackBerry stock

Another stock you should avoid buying until further notice is **BlackBerry** (TSX:BB)(NYSE:BB). The company has immense growth potential, but the shares are currently in the short-squeeze bubble . BlackBerry's fundamentals don't support a $16 price. This artificially inflated price will go down once hedge funds close their short position. Even if Redditors don't give up, hedge funds might, as they are not in the market to lose money. And it takes two to play a game.



Once the short-squeeze fever ends, Blackberry stock will take some time to return to its average price of around $11. If you are stuck with the $16 price per share, it will take another short squeeze or one to two years for you to break even. Hence, don't get swayed by the noise.

Know why you want to buy BlackBerry. Is it because of its automotive operating system opportunity or just because you think the share price will increase in another squeeze?

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**Date**
2025/07/07
**Date Created**
2021/06/24
**Author**
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