



3 Ultra-Popular Canadian Stocks Analysts Think Are Overvalued

Description

When stocks are rallying and have great momentum, they can be some of the top Canadian stocks to buy. Momentum can play a big role in how stocks move. However, sometimes these rallies can cause investors to overpay.

This is why it's always important not to get too impulsive and to stay disciplined and patient, investing for the long run. Overpaying isn't the worst thing in the world if you're making a [long-term investment](#).

Still, though, it can be avoided. And investing with discipline and patience will go a long way in not only preserving your cash but allowing your portfolio to grow quicker.

Here are three popular Canadian stocks to keep in the back of your mind that analysts think might be overvalued.

A popular Canadian recovery stock

First off, one stock that you may be surprised to find is considered overvalued by analysts is **Cineplex** ([TSX:CGX](#)). Cineplex has become one of the most popular Canadian stocks over the last year.

The company has been significantly affected by the pandemic, and its stock has suffered massively. This has left Cineplex trading at a hefty discount for the better part of the year.

Recently, it's started to recover, as the country progresses well from the pandemic. However, after this rally, analysts now think the stock is overvalued. Currently, Cineplex trades at roughly \$15.75 a share. However, the average analyst target price for Cineplex is just \$13.20.

I'll admit: I think the stock has potential at this price, but analysts seem to disagree. So, it's worth heeding the bearish take by analysts and doing a little extra research if you're considering an investment in Cineplex stock.

A Canadian meme stock

Another Canadian stock that analysts think is overvalued is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). While I have to disagree about Cineplex, I couldn't agree more about BlackBerry.

BlackBerry is a stock a lot of investors agree is overvalued. The company has been the centre of a tonne of speculation on Reddit. So, although it's a stock struggling in headwinds today, with incredible [potential over the long term](#), it's way too overvalued at the current price.

Today, the [tech stock](#) trades at more than \$16. Meanwhile, analysts think it's worth just \$11. And while sometimes you'll get some disagreeing among analysts, in BlackBerry's case, though, it's unanimous that the stock is overvalued at these prices. So, that's something to consider if you were looking to buy BlackBerry stock.

The nature of short-term trading makes it impossible to tell when this mini bubble might burst. But it's worth noting that the company is reporting earnings today, so that could bring the stock back down to reality, as investors get an update on its current position.

A popular pot stock

The last stock analysts think is overvalued — and by quite a significant margin — is **Aurora Cannabis** ([TSX:ACB](#))([NYSE:ACB](#)).

Cannabis companies used to be some of the best Canadian growth stocks on the market. The space got crowded quite quickly, though, and it's taken a while for these companies to work through their growing pains.

Years into legalization now, it doesn't make sense that these stocks still trade at massive growth premiums. Aurora, for example, has a market cap of more than \$2 billion, yet it only has \$267 million in revenue the last year.

The stock is quite clearly overvalued, and while these stocks used to offer significant growth potential, today, they are much more of a long-term investment.

Analysts don't think the stock is worth any more than \$8.50. That's a roughly 25% decline from its current trading price. Furthermore, of the 11 analysts that cover the stock, only four have a hold. The other seven analysts have Aurora rated a sell.

So, although Aurora used to be a top Canadian growth stock, there are much better investments to consider these days.

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2. NYSE:BB (BlackBerry)
3. TSX:ACB (Aurora Cannabis)
4. TSX:BB (BlackBerry)
5. TSX:CGX (Cineplex Inc.)

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Author

danieldacosta

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