2 Stocks to Avoid for Now

Description

There's no shortage of information on the best stocks to buy now. Many of those best stocks to buy focus on either growth or income-earning potential. But what about stocks that prospective investors would be better off avoiding? For those investors, here are two stocks to avoid — at least for the moment.

Bombardier was once a promising icon

Whatever happened to **Bombardier** (TSX:BBD.B)? The once iconic maker of trains and planes has endured several rough years. After investing heavily into its next-generation passenger C-Series jets, the company offloaded that portfolio, which ultimately became the Airbus A220. Several years later, Bombardier sold off its iconic rail business, leaving it solely with its business jet business.

That business jet business is now focused on both its Challenger and Global line of jets, which constitute the US$10.4 billion in backlog orders the company boasts.

Turning to results, in the most recent quarter, Bombardier saw revenue come in at US$1,341 million. This reflected a 12% drop over the same period last year. In terms of earnings, Bombardier reported an adjusted loss of US$0.07 per share, which was an improvement of US$0.01 over the prior period.

So, why should investors avoid Bombardier, at least for now? Bombardier has stripped out much of its former self over the past years. While the segment that remains has immense potential, Bombardier's weakness has always been in delivering.

If Bombardier can continue to make deliveries, while bolstering its earnings, it could become a viable investment. Unfortunately, both those factors are still a ways off, making Bombardier a risky stock to avoid.

Still waiting for that BlackBerry recovery?

Ahh, **BlackBerry** (TSX:BB)(NYSE:BB). The technology company that brought us smartphones and arguably still dabbles in that area. The company was poised to become an IoT leader and usher in the era of autonomous driving.

BlackBerry's exit from directly manufacturing and bringing to market smartphones was good business. The devices were underpowered and appealed only to a very small (i.e., unprofitable) niche segment of users. In the same vein, BlackBerry's re-focus towards its security-based origins was intriguing, as was its acquisition of Cylance.

The same could be said of QNX, which is BlackBerry's operating system; it powers over 150 million vehicle infotainment systems *today*. Yes, that means your iOS device connects to your car infotainment screen thanks to BlackBerry. The company's plans to further that integration into the world of autonomous driving is ongoing but slow.

So, why, exactly, with all of that promise, should investors avoid BlackBerry?

BlackBerry has never been short of ideas. The company has established solid security and consulting business, and its QNX-based automotive desires are intriguing. The problem, much like Bombardier, is on delivering those ideas to the market and making a profit.

BlackBerry has spent more than a decade on finding its new security/IoT/autonomous driving self. The stock has been incredibly volatile during that time. BlackBerry registered a 23% gain in the prior five-year period, and an incredible (albeit declining) 44% increase year to date.

So far, there's little to show for those efforts in terms of profitability. That's not to say the company won't become profitable, but more that there are far better options on the market to consider at this juncture. Oh, and in case you're wondering, BlackBerry has plans to release a new device at some point in the future through its Onwards Mobility partner.

Again, unless you have very long-term prospects and can even handle immense risk, you're best looking elsewhere.

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