



Is BlackBerry (TSX:BB) Stock or Canopy Growth (TSX:WEED) Stock a Buy in January?

Description

Contrarian investors are searching for [undervalued](#) TSX stocks that could deliver big gains in 2022. Buying unloved stocks carries risk, as the share prices can get a lot cheaper before they bounce, but the upside potential can be attractive if you pick the right stocks.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) rose 40% in 2021, but investors had a couple of chances during the year to lock in much higher returns. The stock soared from \$8.50 per share in early January to as high as \$36 that month during a speculative frenzy. The share price then retreated back below \$10 in May before taking off again and hitting \$19 in June. During the second half of 2021, the stock price drifted lower and finished the year around \$11.80.

Fans of the stock say BlackBerry is heavily undervalued, and it is only a matter of time before the company's cybersecurity business and new IoT auto partnerships deliver anticipated revenue growth and profits. BlackBerry's transition from smartphones to software has taken a long time to produce meaningful results, and every time a positive announcement puts a new tailwind behind the stock, the subsequent earnings results often fail to deliver on the hype and the stock pulls back.

A quick look at the BlackBerry stock chart tells the story well. The share price is pretty much exactly where it was nine years ago.

That being said, 2022 could be a good year for the company. BlackBerry reported better-than-expected earnings in the quarter ended November 30, 2021, despite supply-chain challenges. Supply chain disruptions should ease in 2022, so the outlook is positive for BlackBerry as the company starts the year. A patent portfolio sale is expected to close at some point in 2022. If the value tops analyst expectations the stock could get a nice lift.

Given the volatile performance in recent years, I wouldn't back up the truck today, but investors who

think a big turnaround is on the way this year might want to start nibbling near the current share price.

Canopy Growth

Pot stocks took a pounding in 2021 after the brief rally that occurred early in the year. Canopy Growth started 2021 with a huge surge, soaring from \$31 per share at the end of December 2020 to above \$70 in February. It then went into a steady slide that resulted in the stock finishing 2021 near \$11 per share.

Legal marijuana sales are just starting to match the black market in Canada and the anticipated demand for edibles and cannabis-infused beverages hasn't materialized. Part of the beverage issue is connected to the pandemic. If outdoor festivals return in full force in 2022 the cannabis-infused beverage market might get a lift.

Looking ahead, the big prize for Canopy Growth would be federal legalization of cannabis sales in the United States. The general consensus is that the U.S. will eventually get there, but the process is taking longer than analysts and the industry expected.

Canopy Growth's largest shareholder is **Constellation Brands**. It is possible the spirits giant could decide to try to take Canopy Growth private while the stock price is so low. Constellation Brands invested \$5 billion in Canopy Growth at more than \$48 per share in 2018 and has since added to the position bringing its ownership to more than 38% of the company.

Canopy Growth reported weak results in its latest quarterly report and that led to a round of analyst downgrades, so there isn't much support for the stock right now.

Risks remain and more downside could certainly be on the way, but Canopy Growth might finally be oversold here, and the cannabis sector could be ripe for a bounce in 2022.

Should you buy BlackBerry or Canopy Growth now?

BlackBerry and Canopy Growth are speculative bets, so investors should keep the downside risks in mind when considering these stocks. However, contrarian investors tend to buy when everyone else is hitting the sell button, and these stocks look cheap right now if you are of the opinion the coming year will be better for their businesses.

CATEGORY

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2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:WEED (Canopy Growth)

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