



Blackberry's Shorts Keep Getting Shorter

Description

It's been an up and down, and then up again, week for **Blackberry** (TSX:BB,NASDAQ:BBRY). Monday's news that Lenovo's CEO indicated that he might one day consider thinking about purchasing Blackberry, maybe, sent the stock price up 13.8%, only to have it settle back 3% on Tuesday when a deal wasn't announced. Wednesday's news that an order was placed for 1 million BB 10 devices, the biggest single order the company has ever received, had the stock soaring once again, this time for a gain of 8.2%. At Wednesday's close, BB shareholders were up 19% from where they were last Friday.

We haven't seen any numbers about the level of success that the new BB10 smart phone has achieved, but given this week's headlines and volatility, it seems like a good time to update a [prior post](#) that discussed the outstanding short position on the stock.

Revolutionary marketing strategy

Thus far, the media buzz surrounding the new BB10 has generally been favourable. The big test however is going to come in the next couple of weeks when the product is finally launched in the U.S. AT&T is expected to make the device available on March 22 and Verizon on March 28. It will be interesting to see if Blackberry's strategy to spend big bucks for a Superbowl ad and then launch the product 2 months later pays off. Judging by the stock's short position, investors are increasingly betting against a successful U.S. launch.

The light blue line in the chart below depicts the continued rise in the short position. The current level of 147 million shares represents 28.6% of BB's shares outstanding. This is up from 27% when we last checked in January.

[RIM shorts update Mar 2013](#)

Source: *Capital IQ*

The Foolish Bottom Line

It's not entirely clear how many Blackberry 10's the company must sell for shareholders to get rich.

The answer, like Blackberry's stock, is seemingly blowin' in the wind. The shorts are betting on Blackberry's demise. If the company is able to kick and fight for longer than the shorts expect by demonstrating successful initial sales results from their new product, a massive squeeze could be on the horizon.

It's a gamble though, pure and simple.

We have created a special free report that reveals 5 Canadian companies that are far less of a gamble than Blackberry. Simply [click here](#) and this report will be delivered to you, absolutely free!

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Fool contributor Iain Butler does not own shares in any of the companies mentioned in this report at this time. The Motley Fool has no positions in the stocks mentioned above.

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1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

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