



## Will BlackBerry Ltd Shares Slump to \$6?

### Description

*While Fools should generally take the opinion of Wall Street with a grain of salt, it's not a bad idea to take a closer look at particularly stock-shaking upgrades and downgrades — just in case their reasoning behind the call makes sense.*

**What:** Shares of **BlackBerry Ltd** ([TSX: BB](#)) slipped 2% on Thursday after Societe Generale downgraded the wireless solutions technologist from hold to sell.

**So what:** Along with the downgrade, analyst Andy Perkins reiterated his price target of U.S. \$6.00, representing about 34% worth of downside to yesterday's close. So while momentum traders might be attracted to BlackBerry's rebounding share price in recent months, Perkins' call could reflect a growing sense on Bay Street that its valuation is becoming a bit stretched.

**Now what:** According to SocGen, BlackBerry's risk/reward tradeoff is rather unattractive at this point. "The new handset (the BlackBerry 'Jakarta') will launch in April and so will have no impact on the historical results," said Perkins. "Additionally, we forecast that Services revenues will also be down almost 13% sequentially as subscriber accounts continue to fall."

Of course, with BlackBerry shares still off about 40% from their 52-week highs, that downbeat short-term view might be providing tech-savvy Fools with a solid *long-term* entry point.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

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