



BlackBerry Ltd. (TSX:BB) Stock Sinks to a New Low in 2018: Is it a Buy-Low Candidate?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock was down 0.24% in late-morning trading on July 31. Shares are now down 10% in 2018 and have dropped below the \$13 mark. This comes after a fiscal 2019 first-quarter report, wherein BlackBerry continued to see positive revenue growth, particularly in software and services.

BlackBerry leadership warned ahead of time that its Q1 report could see a pullback before revenues ramp up in the latter quarters of fiscal 2019. In the conclusion of my [pre-earnings review](#), I'd suggested that a retreat following the Q1 report may be a good time to jump in.

In the beginning of July, I'd also discussed why a post-earnings dip could be an [opportune time](#) for investors to stock up on BlackBerry. The company is projecting double-digit software and services billings growth for the remainder of fiscal 2019 and expects total software and services revenue growth between 8% and 10%.

Today, we are going to look at another development that could net positive results for BlackBerry stock for the rest of this year and beyond. That is the intensifying political conflict between the United States and its NATO allies and its top geopolitical rivals. Intelligence officials have warned that cyber-attacks could ramp up in the following years with China, Russia, and Iran emerging as top cyber-threats. BlackBerry has won big contracts to provide cybersecurity to governments in the U.S., Canada, and elsewhere, and it also plays a role in security for large private sector firms.

The most immediate threat of escalation is currently between Iran and the United States. The Trump administration chose to withdraw from the Iranian nuclear deal in May and will re-impose sanctions on Iran's auto industry in August as well as trade in gold and other metals. In November, sanctions will bear down on Iran's energy sector, which will severely threaten its economic position.

There is growing evidence that the Trump administration has ceded to hawkish forces that are ready and willing to lay a military option on the table. An Australian Broadcasting Corporation (ABC) article on July 27 reported that senior officials in the Turnbull-led government believed the United States was

ready to conduct strikes on Iranian nuclear facilities.

Iran cannot match up to the conventional capabilities of the U.S. war machine. However, according to a report from the Institute for National Securities in 2014, Iran “is one of the most active players in the international cyber arena. Iran is thought to be behind the 2012 cyber-attack on major U.S. banks that caused Internet blackouts and delays in online banking. The Iranian cyber command is thought to be capable of much more damaging attacks especially as part of a direct response to military aggression.”

Cyber-security providers like BlackBerry will be highly sought after as cyber-war becomes a key arena in the coming years. Recent volatility aside, its footprint in this market is reason enough to buy and hold the stock for the long term.

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