



BlackBerry (TSX:BB) Stock: Should You Buy After Last Week's Bounce?

Description

Don't look now, but **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock is hot again, surging as high as 50% over a span of two trading sessions before pulling back modestly, ending the week up 28%. In numerous pieces, I've urged investors to buy the dip in BlackBerry shares following its 23% December drop, going as far as noting that news of the IVY project (in collaboration with [Amazon.com](#)) was effectively thrown in for free, courtesy of an inefficient Mr. Market.

BlackBerry stock: Big booms and busts

"The stock recently boomed, then busted, on the news that it had partnered with the great Amazon Web Services (AWS) with its IVY project. While the news was a pretty big deal, investors seemed to have shrugged it off just weeks later, as they drew more emphasis on BlackBerry's fresh quarterly results, which, while pretty solid, didn't meet the expectation of investors." I wrote in a [prior piece](#), urging investors to buy the dip in BB stock, despite the lack of analyst "buy" ratings on the name. "Most analysts have a 'hold' rating on the stock and would rather wait for [BlackBerry] to post sustained organic growth before slapping on a buy [rating]. I'd personally get into the name now before analysts have a chance to beckon over the herd with upgrades, which could be in the cards this year."

If you stayed patient and bought as other investors sold, you're probably pleased with your gains today, as the stock blasted off nearly 50% to \$12 and change. But now that the stock has heated up again, is it too late to add to a position? Or could another pullback be in the cards in what's been a wildly volatile stock?

BlackBerry stock is back in the limelight

BlackBerry is back in the media limelight thanks to news that it's selling 90 patents to Chinese telecom giant Huawei. Shares of BB popped over 20% in a single trading session, as investors flocked to the dirt-cheap Canadian tech stock just weeks after the IVY-induced boom and bust.

While BlackBerry has been making headlines for all the right reasons of late, I'd urge investors to curb

their euphoria when it comes to the name, unless they're willing to risk being left with steep short-term losses.

Now, I've been a huge bull on BlackBerry stock for most of the year, urging investors to buy and hold the stock before it had a chance to prove itself to skeptical sell-side analysts. While I still think BlackBerry represents one of the more compelling deep value options in the tech scene, I'd personally wait for a pullback back to the single digits before initiating a position. Like the IVY-induced boom and bust, I think the latest Huawei-driven boom in the stock could be followed by a steep, unforgiving near-term retracement.

Foolish takeaway on BB stock

Even after the latest pop in the stock, BlackBerry stock remains ridiculously [cheap](#) at around 4.4 times sales. While I'm bullish on BlackBerry's project IVY, I don't suspect it'll be a major needle mover over the near term and would encourage investors to take profits after the latest pop. The company still has considerable headwinds to get through and think the latest bounce makes BlackBerry stock unripe for picking.

Stay Foolish, my friends.

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Author

joefrenette

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