



## BlackBerry (TSX:BB) Goes Parabolic! Could Cineplex (TSX:CGX) Be Next?

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) blasted off again on Tuesday — this time on news that it had settled its patent dispute with **Facebook**. To patient BlackBerry shareholders, the good news can't seem to stop flowing in! It all started with the blockbuster announcement that BlackBerry had partnered with the great **Amazon.com** Web Services (AWS) in its vehicle-data platform IVY.

Following the big IVY news, I'd encouraged investors to accumulate shares, noting that the project had the potential to be a needle-mover over the long haul and that the announcement was likely to put BB stock back into the spotlight after fading into the background for many years. Just a few weeks later, BlackBerry bounced again on news of 90 smartphone patents to Chinese telecom giant **Huawei**. The latest Facebook settlement is just fuel in an already [white-hot stock](#) that's now up over 160% since the lows in early November.

## Can the good news keep flowing in for BlackBerry after its parabolic move? Or could the stock go bust?

In numerous [prior pieces](#), I've urged investors to buy the stock before analysts, many of whom had "hold" ratings, had a chance to upgrade the name to a buy. While recent developments warrant a big upgrade, I don't think investors should bet the farm after BlackBerry's parabolic surge, even though the stock is still dirt cheap compared to most other tech firms with front-row seats to the hottest areas of the tech sector (think cybersecurity).

BB stock is white-hot right now, and despite the parabolic pop, the stock could still have room to run over the long haul, as shares still trade at a mere six times revenues. While I'm a fan of BlackBerry over the long term, I'd note that the name could be at high risk of reversing over the near-term and would encourage investors to wait for the stock to go bust before initiating a full position.

## Could Cineplex stock be next in line to go parabolic, as BlackBerry did?

For those hungry for parabolic gains, I think there are less-risky plays than BlackBerry stock at this juncture. I think **Cineplex** ([TSX:CGX](#)) is a name that could be a major mover as we head into year-end, and I don't think it's as risky as most make it out to be.

While the movie theatre kingpin continues to be under a considerable amount of pressure amid rising COVID-19 cases and the threat of longer-lasting regional lockdowns, I am encouraged by the recovery trajectory that could be in the cards in the latter part of 2021. With vaccines continuing to rollout across the nation, the post-pandemic world and normalcy are so close that it's palpable.

While it's tough to picture Cineplex filling its seats with bums (it had a problem doing so well before the pandemic struck), I think many shut-in Canadians longing for social interaction will be heading to the movies to catch one of the many films that have fallen into the backlog. Is there pent-up demand for dinner and a movie? I think there is. A potential post-pandemic discretionary spending boom bodes well for Cineplex stock on the other side of this pandemic.

### Cineplex stock: The risks

While I view Cineplex's risk/reward profile as more favourable than BlackBerry's at this juncture, the name still has considerable risks that investors will need to bear for a shot at massive gains. Cineplex doesn't have the best balance sheet in the world, and if by some chance the pandemic doesn't end this year, CGX stock could easily implode further. It's a cheap stock, but it can get much cheaper if it turns out the company will have to deal with a +95% decline in its business for longer than expected. And if nobody extends the firm more credit in such a scenario, bankruptcy risks could surge.

Cineplex is a risky play with options-like upside. But it's one that I think young investors should make if they've yet to place bets on the reopening trade. Between BlackBerry and Cineplex, I'd prefer Cineplex at current levels but would discourage betting the farm, as both names are likely to be turbulent through year's end.

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1. Coronavirus
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#### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:CGX (Cineplex Inc.)

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