



## Forget Bitcoin: Here's How to Make Money From BlackBerry (TSX:BB) Stock

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock is riding the bull, running at the speed of 30% per day. The stock almost tripled from \$8.40 at the start of the year to its 10-year high of \$22.92 on Monday. This rally has raised many eyebrows, even of BlackBerry executives. I will answer the two most pressing questions:

- What is driving BlackBerry stock's rally?
- How do you make money from this rally?

### What is driving BlackBerry stock's rally?

Now, if you are thinking I will give you some fundamental explanation, there isn't any. Even BlackBerry commented something similar on last week's trading activity. It [stated](#), "The company is not aware of any material, undisclosed corporate developments and has no material change in its business or affairs that has not been publicly disclosed that would account for the recent increase in the market price or trading volume of its common shares."

Some analysts say that it's the partnership with **Amazon** Web Services and the patent lawsuit settlement with **Facebook**. Then the U.S. president Joe Biden pledged \$2 trillion on climate change, which sent all electric vehicle-related stocks to new highs. I even [considered](#) these reasons to go bullish on BlackBerry. But these news pieces don't justify a 200% jump in one week.

The rally would be justified if BlackBerry had won a major contract that could double its revenue or if it got millions of dollars in the Facebook settlement. But neither is the case for BlackBerry.

Even insiders don't have any inside information. So, is there any hedge fund activity? Is Prem Watsa, who already has 12% of its portfolio invested in BlackBerry, buying more shares? Or is it the Robinhood investors, who found a cheap tech stock with links to tech giants and flocked to buy BlackBerry? Or maybe it's the Bitcoin investors who cashed out on falling Bitcoin prices and took shelter in BlackBerry.

Whatever the reason, there are no fundamentals to support the stock price rally, and this rally is therefore not sustainable.

## How do you make money from BlackBerry's unprecedented rally?

If you look at BlackBerry's Monday trade, the stock opened at \$24.86, which is 39% above the Friday close of \$17.86. This gap shows that some bullish investors are willing to buy the stock at a premium price. The stock is already overbought. If these bullish investors' appetite is satisfied, the stock price rally will come to a halt.

If you own BlackBerry stock, this is the right time to sell some of your holdings while the bulls are still buying at a premium. BlackBerry executives also took advantage of the bulls and sold a significant amount of their shares. Its chief marketing officer Mark Wilson sold 60% of his shares, and CFO Steve Rai sold all his directly owned shares.

Follow the insiders and cash out while you still can. Once reality strikes and the earnings don't live up to investors' inflated expectations, the bubble could burst.

## The fundamental investor

If you don't own BlackBerry stock, don't rush to buy it at the \$23 price. This could be a value trap, as the company has not yet shown stable revenue growth. This rally could be a repeat of the 2018 bubble.

BlackBerry stock surged 22% between December 29, 2017, and January 5, 2018, to \$17 on inflated expectations and no fundamental backing. Then came its fiscal 2018 fourth-quarter earnings, which reported a 19% year-over-year revenue decline. As the earnings did not reflect the inflated expectations, the stock fell 22% back to its average trading price of \$13.

In 2021, BlackBerry stock could see a correction in the coming months. Buy the share when it dips and hold it for the long term. Canada's Warren Buffett Prem Watsa bought BlackBerry stock at an average price of \$4.58 and has held on to it.

The 2030 decade presents immense growth potential for EVs and the internet of things (IoT). But BlackBerry still has to prove that it can tap this opportunity and convert it into strong double-digit revenue growth.

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1. Investing
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