



PUZZLED? Why BlackBerry Stock Popped Over 48% on Monday

Description

On January 25, the shares of the Canadian tech firm **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) rose by 48.4% in the intraday trading session. It remained highly volatile before settling at \$22.92 per share on the **Toronto Stock Exchange** — up 28.3% for the day.

BlackBerry stock's daily trading volume rose to 26.3 million shares — nearly four times more than its last 30 days average daily trading volume of 6.7 million shares. This unusual surge in the trading volume, along with a seemingly unstoppable rally in the stock price, stunned traders. It also attracted the Investment Industry Regulatory Organization of Canada's (IIROC) attention as it sought a response from BlackBerry.

While commenting on this unusual trading activity, the company [said](#) that it's "not aware of any material, undisclosed corporate developments" that could lead to a sudden increase in its share prices and its trading volume.

Latest developments and insider trading

Until Friday's closing, BlackBerry stock was already up by 112% for the month. While the stock has been trading on a positive note for the last three months in a row, most of its recent gains came after a Bloomberg report in mid-January [revealed](#) that BB has settled its year-long intellectual property infringement disputes with **Facebook**. The report cited an email from BlackBerry's spokesperson Karen Clyne who denied to comment any further on the matter.

Last week, the BlackBerry stock also saw an increase in its insider trading activities. According to its recent SEC [filings](#), three of its executives sold more than 131,454 shares combined on January 20 between the price range of \$12.63 to \$13.01 per share.

What drove its stock higher on Monday?

On Monday, BlackBerry [said](#) that it's expanding its strategic partnership with the Chinese tech giant **Baidu**

, which began about three years ago. Now, Baidu's high-definition maps will run on BlackBerry's QNX Neutrino OS. This partnership is important from a future growth perspective. It would allow BlackBerry's QNX platform with Baidu's maps to be used in the Chinese automaker **GAC Group's** mass-produced electric vehicles (EVs) with autonomous capabilities.

While BlackBerry announced this information after denying any undisclosed developments in its comments to IIROC, I find no other key reasons for a massive rally in its stock on January 25. It's currently trading with 172% year-to-date gains against just a 2.5% rise in the **TSX Composite benchmark**.

Bottom line

While I've been positive about BlackBerry's efforts to benefit from the ongoing EV and autonomous vehicle revolution, its extremely high volatility makes its stocks risky to buy for the short to medium-term. Nonetheless, long-term investors can still buy its stock on a downside correction in the coming weeks.

Apart from BlackBerry, the market has many good long-term investment opportunities to gain from as we approach fourth-quarter tech earnings season. In my opinion, it would be wise to keep your investment portfolio diversified with less exposure to some industries like airlines and automobiles.

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