



## How Much Higher Can BlackBerry (TSX:BB) Stock Fly?

### Description

What do you get when you have an underrated, low-multiple stock like **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)), a bit of good news, and a stock market where above-average valuation metrics are “the new normal?” A stock that’s gone parabolic. After Tuesday’s 4% pop, shares of BB are now up around 300% from their November lows and around 200% in just a matter of weeks.

As you may recall, I’ve been pounding the table on BlackBerry stock for most of 2020, [urging investors to buy BB stock](#) before the sell-side analysts, almost all of whom had “hold” ratings on BlackBerry stock, had to play the game of “catch up” with their ratings and price targets.

While the initial bounce on the recent slew of news events (IVY project announcement, patent sales, dispute settlement) was completely understandable, investors should note that BB stock’s newfound momentum is starting to be sustained by less-meaningful news. Whenever you’ve got a name that’s building on its momentum, you could have a far riskier proposition on your hands.

Although I wouldn’t personally jump into the stock at these heights, I’m not yet ready to call the end of BB stock’s epic run quite yet.

Why?

Not only have retail investors had an increased appetite for risk of late, but it’s my opinion that sell-side analysts covering BlackBerry may give in to the pressure by upgrading BB stock after the recent run, either due to recent good news items (I’ve noted in prior pieces that project IVY is a big deal), or to keep up with appearances. Although I’m sure analysts would rather wait to see if a pullback is in the cards before they re-evaluate their investment theses and adjust their financial model inputs accordingly.

## BlackBerry stock: Queue the analyst upgrades?

“Canaccord wants to see some execution with [BlackBerry’s] new product roadmap, stable ESS numbers, a QNX recovery, and more apparent cross-selling opportunities. It’s hard to argue with that,

and while it may be wise to hold off and wait for further evidence [of a turnaround], I think doing so would be leaving a lot of upside on the table, as a slew of analyst upgrades could happen well after a sizeable upside move in BlackBerry stock,” I wrote in a prior piece. “Once the BlackBerry ship gets on the right path, the stock could be due for some serious multiple expansion and an explosive rally that could attract the attention of our neighbours to the south.”

With BB stock now trading at \$23 and change, the shares of the Canadian tech firm have now left analysts behind, as I predicted numerous times last year, when BB shares were trading in the single digits, with valuation metrics that I thought were unreasonably low.

When you consider the likelihood that subtly higher multiples could be the new normal in this pandemic-plagued environment, I fail to see how BlackBerry is a bubble with looming catalysts and its relatively low price-to-sales (P/S) multiple of 10.5, even after its unprecedented rally.

## How much higher can BB stock fly?

I have absolutely no idea. But I certainly would not want to bet against the name now that retail investors have something to get [excited](#) about with IVY, the post-pandemic recovery trajectory, and the stock’s newfound momentum. BlackBerry stock is a speculative buy in my books, although investors should be mindful that the risk of a vicious retracement is high after the stock’s epic run.

Stay Foolish, my friends.

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