



BlackBerry Stock Fell 45%: Is the Reddit Party Over?

Description

Shares of Canadian tech firm **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) have seen massive gains in January. They were trading at \$31.49 per share — up 273% for the month as of Wednesday. However, the stock tanked this afternoon. At the time of writing, it was trading at \$17.37 per share with about 45% day losses.

The Reddit trading

A subreddit named “r/wallstreetbets” on Reddit is being blamed for fueling an irrational rally in many stocks this month. That’s why it became a popular topic among investors. The subreddit has seen massive traffic growth in the last few days, with nearly 4.6 million members at the moment. The Wall Street Bets subreddit [says](#) it’s “a community for making money and being amused while doing it.”

Experts and hedge fund managers are worried about the Wall Street Bets community as it seems to be using the short squeeze technique for triggering a rally. The subreddit members pick any stock without caring much about its fundamentals and start buying and holding it in large quantities. And BlackBerry has been one of the stocks frequently discussed on this forum.

Is the Reddit party over?

Such groups of traders are usually not well organized. The greed of the individual members primarily drives them. Even if a couple of community members decide to book profits in the stock — they were collectively buying earlier — it would suddenly increase the stock’s supply in the market.

The stock price would fall sharply in such a scenario. It would also cause panic among other community members who were holding the stock — expecting the rally to continue.

However, another angle to the Reddit story came on Thursday afternoon when platforms like Robinhood and Interactive Brokers [shut down the buying](#) of some stocks — including BlackBerry and **GameStop** — for their users. This restricted traders on their platform from buying and allowed them

only to liquidate their open positions in these selected stocks. It also might have led to an excess supply of BlackBerry stock in the market — leading to a stock price drop.

What's next for BlackBerry stock?

As I mentioned in my [recent article](#), BlackBerry has made great efforts in the last few quarters to benefit from the fast-growing smart mobility, autonomous car, and electric car demand. The company is also focusing on expanding its presence in China — the world's largest automobile market.

If you don't know already that the electric car market is expected to grow in the coming years exponentially. Its future growth potential can be understood by the announcement **General Motors** made today. The American automaker said that it plans to sell electric vehicles only by 2035 exclusively.

BlackBerry's QNX operating system is immensely popular among the world's largest automakers. General Motors also uses it in its cars. BlackBerry is now developing more platforms to gain similar success in the electric vehicle and smart mobility segments.

Bottom line

In my opinion, these factors would help BlackBerry's financials grow at a very fast pace in the coming years. It could start a long-term rally in its stock — with or without any Reddit community support.

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