



BlackBerry (TSX:BB): A Top Pick Amid the WSB Hype?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock just collapsed, shedding just over 50% of its value in less than a day following its epic multi-week 300% climb above the \$30 mark. The big hit to the chin was thanks in part to popular U.S. trading platform Robinhood, which limited purchases of BB stock, among many other favourite short-squeeze plays of fearless investors at Reddit's investment forum WallStreetBets (WSB).

The rally was nothing short of unprecedented, as too is the continued rise in WSB's subscriber base, which could be headed for 10 million so-called "degenerates" within a matter of weeks.

With the folks at WSB causing many infamous short-sellers, including Citron Research's Andrew Left, to run for the hills, the risks involved with going short a stock have never been higher. And I don't think such difficult-to-fathom downside risks will ever go away, not as long as WSB is in town.

Based on the commentary of some WSB users, [the incredible short-squeezing phenomenon](#) isn't just about making money; it's about bringing the pain to the big-league hedge funds.

Don't even think about betting against WSB stocks like BlackBerry!

Thanks to WSB, many beginner investors are starting to discover the true risks of going short.

Although certain WSB stocks like [GameStop](#), **AMC Entertainment**, **Bed Bath and Beyond** and **BlackBerry** showed signs of weakness late last week, I still think it'd be foolish (that's a lower-case "f," folks!) to underestimate the firepower of the folks at WSB, especially once Robinhood moves out of the way of the growing army of hungry and fearless traders.

Robinhood is slated to narrow its restrictions over the coming weeks. Whether or not this will act as a catalyst for the next leg higher in WSB stocks like BlackBerry remains to be seen.

Now, I have no idea if this is curtains for BlackBerry, or it's next in line for another pop after GameStop

and **AMC Entertainment**.

Regardless, I think betting against any WSB stock is a reckless and dangerous proposition. If you're keen on shorting the most obvious distressed play out there, you'd better be ready to face the wrath of the folks at WSB. BlackBerry stock, while a less-shorter stock than other names on WSB's radar, I believe, is the riskiest short of all WSB stocks following the stock's recent implosion. Why? BlackBerry has enjoyed a slew of good news of late. And such good news items, I believe, actually improves upon the firm's fundamentals.

BlackBerry stock may be the most undervalued WSB stock

While BlackBerry stock may not be the "cheapest" deep-value play on WSB's radar based on traditional valuation metrics, I think there's a strong case for why it may be the most undervalued.

Now, I've been a huge BlackBerry and its CEO John Chen fan for years, urging investors to accumulate more shares on the way down. If you were one of the many investors who threw in the towel on the stock that begged for investor patience, you're probably kicking yourself after the latest rally.

While I wouldn't speculate on the occurrence of another WSB-driven rally in the stock, I do think shares are worth nibbling on after their latest 50% crash to \$17 and change. Project IVY is a big deal, and with COVID-19 headwinds likely to fade in the second half, BB stock could face an even larger re-valuation to the upside as more light shines on BlackBerry's most exciting growth drivers.

BlackBerry stock trades at 4.4 times book value, which is not a high price to pay for a firm that provides investors with a front-row seat to some of the hottest areas of tech. Most analysts would rather wait and see before upgrading their recommendation from "hold" to "buy." But as I noted in numerous prior pieces, waiting for said analysts could cause you to miss out on a majority, if not the entirety, of the upside in a company that could be one of the greatest Canadian turnaround stories of the 2020s.

Big busts, bigger booms!

BlackBerry stock has been booming and busting like a recent Initial Public Offering (IPO) in recent months. I'd look to buy the busts and trim the booms as you look to scale into a long-term position.

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Author

joefrenette

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