



BlackBerry (TSX:BB) Bonanza: How Reddit Has Fueled an Insane 273% Surge

Description

Despite the fact that most of us have been familiar with the internet for decades and that it has seeped into almost every facet of our society and daily lives, it still amazes us. We have already seen what the power of the internet combined with the charisma of a famous business personality like Elon Musk could do to a stock's valuation. **Signal Advance** stock spiked over 6,000% because of Musk's one tweet.

But we see a different kind of phenomenon as well. It's a phenomenon that has affected the stock price of well-established companies like **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). The stock spiked over 273% in three weeks, and even though it has already dropped 40%, this was a one-of-a-kind rally in the stock's five-year history.

The Reddit phenomenon

While the intentions and the rationale behind the "Reddit-[fueled rally](#)" that pushed the valuations of individual stocks, **GameStop** and BlackBerry chief among them, through the roof, the impact is quite staggering. One of the sub-Reddit called "r/WallStreetBets" seems to be the primary motivator/instigator for this price rally.

Institutional investors think that these retail investments that are hiking up the price for these stocks are following a short-squeeze trading method (i.e., by beefing up the price temporarily, they are forcing short-sellers to buy back their positions at a significant loss). That has turned into a "supposed war" against Wall Street.

What does it mean for investors like you?

Not much. Even if you have BlackBerry in your portfolio and you bought it as a good long-term bet, this intermittent rally should not have shaken you, especially now that it seems that it is over. It might have been a good idea to sell your BB stocks when they recently spiked, and you might still be able to turn in a profit, but it might be a good idea to not change your whole value investing strategy because of

this phenomenon.

These temporary changes affect traders more than investors, and if you think about the prospects of your investments in terms of years instead of hours and days, these temporary spikes shouldn't matter to you. Unless, of course, you want to exit your position anyway, then these spikes might offer great opportunities.

Royal Bank of Canada is apparently of the same opinion. RBC's capital market is actually downgrading BB's shares and expects it to underperform in the near future. An analyst explained that their outlook on the company, even taking into account the recent patent sale, remains unchanged about the company. They don't see this current spike as something positive for the company.

Foolish takeaway

Every investor needs to learn the difference between trading and investment. These are not just two ways of making money; they are two entirely different attitudes and require different roles from you. But even as an investor, you might like to keep an [eye on spikes](#) and dips. So, you can exit precarious positions while earning a profit or buy good companies when they are trading at a discount.

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