



Forget Reddit: Why I Still Like BlackBerry Stock

Description

The **GameStop** stock mania drew significant mainstream attention in late January. Reddit users targeted heavily shorted stocks and worked to rally retail investors against top hedge funds like Melvin Capital and famed short sellers like Andrew Left. Shares of the struggling retail entity peaked at US\$483 per share. Other shorted stocks like **AMC Entertainment**, **Nokia**, and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) also gained significant momentum on the back of this [frenzy](#). However, things have taken a rough turn this week.

The Reddit craze is stirring confusion

Most people love an underdog. This made the GameStop battle between smaller retail investors and seemingly powerful hedge funds an instant hit among readers. However, the mania has also inspired many new investors to pour their savings into GameStop and others in a bid to be apart of a sort of populist market uprising. Many of these buyers have been punished in recent trading sessions. Shares of GameStop sunk into double digits in trading on Tuesday.

Meanwhile, BlackBerry is also being lumped in with struggling companies like GameStop and AMC. Yes, the Waterloo-based company has long been pushed out of its privileged position in the smartphone space. However, it has made promising strides in its transition to a software-focused firm.

Why BlackBerry is still worth getting excited about

BlackBerry stock started its big rally when it announced a partnership with **Amazon** back in early December. It will collaborate on developing automobile software. BlackBerry IVY, the intelligent vehicle data platform, is expected to make it to vehicles on the market by 2023. The automotive software market is geared up for big growth going forward.

That said, the former hardware giant is still facing challenges in the near term. It does not have the capital to compete with bigger firms, which is why its collaboration with Amazon will empower it to make strides that it may not be able to otherwise.

BlackBerry has promise in the cyber security space, but it is also facing stiff competition. Cyber attacks are on the rise, which is heightening demand for security from public and private entities. The company inspired optimism with its acquisition of Cylance, which has bolstered its capabilities.

However, it is still lagging top competitors like **CrowdStrike** and **Palo Alto Networks** as cyber attacks become more prevalent. It needs to make up ground in this area in order to achieve the kind of top-line growth that its shareholders will be hungry for by the second half of this decade.

Should you buy the post-mania dip?

I'd suggested that BlackBerry stock could [reward shareholders](#) handsomely in 2021 last month. Of course, I didn't realize how soon that opportunity would come. The social media-fuelled frenzy shot BlackBerry up to highs that its current business activity could not justify. Shares rose to \$36 in trading last week. The stock was worth \$15.41 at the time of this writing.

BlackBerry is still letting off steam from the Reddit mania. The company holds promise for the long term, it can't justify the current valuation right now. Investors interested in holding BlackBerry for its footprint in automotive software development and endpoint security may want to wait for a more attractive entry point.

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Author

aocallaghan

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