



BlackBerry Stock Is Down 15% This Week! Is the WSB Reddit Trade Over?

Description

What an incredible ride! **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock has bounced around with a level of volatility we don't usually see with this stock. After climbing to 52-week highs of \$36 per share last week, shares trade around the \$15 level at the time of writing. This represents a decline from its peak of nearly 60%, and a one-week decline of around 15%.

The question now is: has the WSB Reddit trade run its course? If so, what's the true value of BlackBerry stock right now?

Rapid rise of BlackBerry built on a solid growth thesis

What's interesting about the retail investor mania spurred on by the Reddit forum "WallStreetBets" (WSB) is the dichotomy that exists among the stocks these investors have bet on. Some investment ideas were pie-in-the-sky short-squeeze ideas that actually panned out. Others, such as BlackBerry, I would argue, were based on a more fundamental growth thesis that made sense.

I've highlighted this growth thesis at length in previous articles. In essence, I view BlackBerry's [recent deal](#) with **Amazon** as a transformative catalyst that can inject the kind of growth into BlackBerry that long-term investors want. If these companies can indeed gobble up market share in the connected vehicle market, growth may once again be restored at BlackBerry.

Of course, these expectations may be premature. It may take some time for BlackBerry to see a difference on its bottom line. Thus, there is a significant degree of speculation required to buy this stock right now. Therefore, I'd caution investors against betting too heavy on any company with this kind of volatility right now.

What does this mean for investors?

Right now, it's unclear as to how much of BlackBerry's stock price can be tied to its fundamental growth thesis and its Reddit-fueled parabolic ascent. I think the underlying thesis may have been

correct, and this is a stock with tons of upside potential that has been revalued correctly. However, one has to consider what the winding down of the Reddit trade could mean for BlackBerry shareholders looking to buy at these levels.

I think investors bullish on BlackBerry ought to consider a phased-in approach to adding shares right now. Dollar cost averaging into this stock, or taking a partial position now and adding to it later, is a safer way to invest. Indeed, if this stock sees more downside, investors win by paying a lower average cost. If this stock continues higher, one at least has exposure to benefit from this.

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