



BlackBerry (TSX:BB) Stock: Keep Buying the Momentum

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock is surging, up 125% in just 30 days. The cause is multi-variable, stemming from Reddit madness plus surprising fundamental strength.

Here's the thing: it's not too late to join the party.

Reddit took control of BlackBerry stock

You're likely aware that traders on Reddit piled into **GameStop** stock, sending shares soaring several hundred percent in a matter of days. Wall Street whined about manipulation, but the thesis was clear: GameStop was one of the most heavily shorted stocks on the market, and by sending shares higher, the traders could trigger a short squeeze.

"BlackBerry and other heavily shorted stocks have soared in the past few days as traders organizing on social media platforms such as Reddit took on the hedge funds making bets against them," [explained Reuters](#).

When Wall Street traders were forced to cover their short positions, more buying activity was generated, sending shares even higher, triggering even more short positions to be covered. Reddit traders bet millions on this feedback loop, and it appeared to work.

Following the short squeeze, you may think it's too late to buy. You'd be wrong.

It's not too late to buy

Buying a stock due to momentum alone is a tricky strategy. Long-term mindsets are typically most successful. Yet in some cases, momentum can bring newfound attention to an ignored stock, triggering mass appreciation of solid fundamentals.

Most investors still think of BlackBerry as a smartphone company, even though it no longer produces a

single phone. Today, the business is completely focused on high-margin, recurring revenue streams from cybersecurity software.

For example, its Cylance division uses AI to thwart attacks *before* they occur. That's useful in high-risk applications such as remote surgery and autonomous vehicles, where a compromised system could be the difference between life and death.

How does the market value cybersecurity stocks like BlackBerry? **CrowdStrike** is priced at 60 times sales. BB stock, meanwhile, is priced at just seven times sales, and that's *after* the recent surge. When I [wrote](#) that BlackBerry stock had 1,000% upside at the start of 2021, shares were priced at just three times sales!

The Reddit mania targeted a short squeeze, but when you look at the fundamentals, this is actually a strong business trading at a deep discount. Shares could double or triple in price again.

Should you invest?

BlackBerry is a next-gen stock. The long-term upside is lucrative, especially as the world gets more connected, requiring better and better cybersecurity solutions. But in any given day or week, shares can be volatile, especially in the wake of the latest Reddit pump.

Should you invest in this stock? Only if you're willing to wait out the swings. Patient investors will be the winners here. Adding BB stock to your portfolio with a short-term mindset introduces risks that simply aren't worth it.

When I look at the valuation, I think BlackBerry could ultimately approach a valuation of 20 times sales, perhaps more. That means shares should triple again, but timing the exact move is difficult to predict. It's best to keep a long view.

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