



Will BlackBerry Stock Drop 50% in 30 Days?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock had an incredible January, up roughly 100%. There were multiple causes, stemming from a Reddit mania to new partnership announcements.

After the sudden rise, many worry about an impending drop. What will happen next?

The bull case is now clear

For months, I've been pushing the bull case for BB stock.

"If I had to pick any stock that could rise ten times in value this year, it would be BlackBerry," I [said](#) at the start of 2021. "If you think this business still manufactures smartphones, that's exactly why this stock has so much potential."

After attaining a 20% global market share for smartphones in 2008, BlackBerry went on a decade-long death spiral, with shares losing 95% of their value. CEO John Chen knew he needed to do something big to bring the company back to life. Leveraging the firm's reputation for security, he invested billions to turn BlackBerry into a cybersecurity software company.

At the start of the year, I stressed that this transformation was now complete, yet BB stock still traded at an 80% discount to its cybersecurity peers.

"BlackBerry trades at a crazy valuation right now, even though it is directly exposed to huge, rapid-growth markets," I concluded.

Will BlackBerry stock pull back?

In January, Reddit traders targeted BlackBerry stock in the same way they hit **GameStop** shares. A swarm of sudden interest sent the valuations of both companies significantly higher. GameStop stock is already correcting, and investors worry BB shares will follow suit.

Will the stock pull back? The unsatisfying answer is that no one knows for sure. Given the sudden rise, a quick correction seems like a reasonable prediction.

But savvy investors shouldn't be concerned about what happens over the next few weeks or even the coming months. It's the long-term game that matters most. On that front, BlackBerry shares are still a bargain.

Consider the company's QNX software platform, which secures the connected components of smart vehicles. One analyst [described](#) this segment as "incredibly strong and getting stronger." The company's Cylance division, however, deploys AI technology to thwart attacks *before* they occur.

BlackBerry has an impressive portfolio of cybersecurity products that are just beginning their growth journeys. Even after the recent surge, shares still trade at a 60% discount to many peers.

How to invest now

No one knows if a near-term plunge is around the corner, but the long-term case for BlackBerry stock remains strong.

"This is the same BlackBerry that really adjusted very well as its smartphone business diminished," said Barrie Kirk, an Ottawa-based automotive industry expert. "They reinvented themselves in a big way and did a very successful job of that. I'm very confident that they'll do well, and they'll adjust and keep growing."

You won't be alone trusting the long game with this stock. Prem Watsa, considered by many to be Canada's Warren Buffett, counts BlackBerry as one of his largest holdings. He's a big fan of CEO John Chen, holding shares through many volatile cycles.

With high-potential stocks like this, patient investors are usually the biggest winners.

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Date

2025/08/26

Date Created

2021/02/07

Author

rvanzo

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