



Meme Stocks: How Reddit Lost the War with Wall Street

Description

Reddit's meme stock craze came and went. At this point, it seems pretty clear who won. While Reddit's *WallStreetBets* did succeed in forcing some **Gamestop** ([NYSE:GME](#)) short sellers to cover at losses, it was ultimately Wall Street that won the war. One of the hedge funds involved in the controversy got a \$3 billion cash infusion, while *WallStreetBets* posters who got into GME late in the game lost money. Michael Burry, a hedge fund manager, realized a 1,500% return because of Reddit's promotion.

Overall, Wall Street ultimately made more money off GameStop than Reddit ever did. But that hasn't stopped Redditors from trying. Since the meme stocks went bust, Redditors have moved on to other hot stock ideas. Most recently, they've gotten into the cannabis space—with about the results you'd expect.

Cannabis rally goes the way of meme stocks

One recent stock rally that many are attributing to Reddit is the one observed in cannabis stocks. In January and February, cannabis stocks soared, with **Aphria Inc** [at one point up 82%](#). Later, they all came crashing down — almost the exact same pattern we saw with meme stocks: a rapid rise and fall, all taking place in the span of a month or less. That isn't proof that the cannabis stock rally was *entirely* fuelled by Reddit. The Aphria-Tilray merger certainly stirred some excitement. Nevertheless, it was another Reddit rally following the usual pattern of a quick boom followed by a bust.

The one Reddit stock that could potentially be worth it

So far, it's not looking like Reddit's meme stocks are holding up well. That makes sense because most of the businesses underlying these stocks are in terminal decline. You'd expect a rally fueled by social media promotion to end quickly, because there is nothing there apart from the promotion to get investors interested.

There is one meme stock, however, that may have a future ahead of it: **BlackBerry Inc** ([TSX:BB](#))([NYSE:BB](#))

BlackBerry is a Canadian former smartphone company that has found new life as a developer of AI-powered car software. The company's software revenue has been growing and has had many successes recently, including:

- 175 millions of its QNX car software
- [A recent legal settlement](#) with **Facebook**
- A highly publicized and potentially lucrative partnership with **Amazon's** AWS

These have all been positive developments. On the other hand, BB did hit a bump in the road recently, when **Ford** dropped its QNX car software in favour of **Alphabet's** offering. That might result in lower QNX install numbers the next time they're revealed. Nevertheless, compared to the other meme stocks, with their secular revenue declines lack of future prospects, BlackBerry looks positively bullish.

That doesn't mean that BlackBerry is a buy at today's prices. Like any other tech stock, it could decline if its growth stalls out or if Google eats its lunch. But the company itself has more going on than any of the other meme stocks that rose and fell this year.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:GME (GameStop Corp.)
3. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/23

Date Created

2021/02/16

Author

andrewbutton

default watermark

default watermark