



Today's Top Buy: BlackBerry

Description

This year, meme stocks such as **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) have grabbed the attention of retail investors. It is believed that the Reddit “WallStreetBets” (WSB) group has been a major growth catalyst for the parabolic rise. However, unlike most of the other stocks that have rallied due to the “Reddit effect,” I believe BlackBerry has a long-term growth thesis. Moreover, I feel that this stock can outperform this year. Here's why.

The Amazon deal is a huge boost for investors

In the past few years, the growth of BlackBerry stock has been sluggish. However, now there is a long-term growth catalyst that can potentially be a complete game changer for shareholders. The company [recently collaborated](#) with **Amazon** ([NASDAQ:AMZN](#)) to develop BlackBerry IVY — an intelligent vehicle data platform.

Vehicles nowadays come with various proprietary components. These hardware and software elements produce data in a distinct format, which makes it complicated for developers to come up with solutions instantly. IVY has been specially designed to facilitate efficient data collection from vehicle sensors using machine learning to generate actionable insights.

This technology will enable automobile manufacturers to provide a personalized experience to car owners. Furthermore, it will positively impact the operations of vehicles. Indeed, the potential of this cloud-based software is immense.

There is still a great deal of risk

As retail investors jumped into this stock, there was a parabolic rise in price. However, it appears that the short-squeeze investors were looking for had either already happened or was never possible to begin with. The fact BlackBerry stock has plummeted of late is not necessarily concerning in respect to the abnormal amount of buying that took place earlier this year.

Since crossing the \$25 mark during the highs in the last week of January, BlackBerry's stock price has fallen by over 50%. Indeed, it's highly possible that this stock could continue to drop to levels we saw at the start of this year. At least it's not out of the range of possibilities investors should consider right now.

Hence, it's imperative that investors remain cautious of speculative plays. The goal of long-term investors should always be to buy low and sell high. In this context, BlackBerry may not look attractive, given a great deal of growth is already priced into this stock today.

Bottom line

Yes, there are some serious near-term risks associated with BlackBerry stock right now. Momentum appears to be on the downside, and investors may be looking to jump ship.

However, as mentioned, the growth catalysts that helped BlackBerry on its meteoric rise are still in place. Growth investors with a very long-term investment time horizon may want to consider this stock on any further weakness.

CATEGORY

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2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)

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