



BlackBerry: Is the Meme Stock Trade Over?

Description

Meme stocks have been making major headlines this year. Companies like **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) caught the attention of many investors, as they rode the parabolic [meme-stock wave](#) in late January.

Nevertheless, similar to other meme stocks, BlackBerry has since plummeted back to earth. Indeed, it appears that the meme trade might be over. Nevertheless, I believe that investors should still consider this stock today. Here's why.

Meme stocks are gaining correlation with the markets

The negative correlation between the **S&P 500** and meme stocks over the past two months had become extreme. In late January, trading platform **Robinhood** suspended trading on a number of meme stocks following the Reddit-induced frenzy. And, now it finally appears that the 30-day rolling correlation between meme stocks and S&P 500 is now positive.

Indeed, recent movements in stocks like **GameStop** may pour cold water on this. However, I do believe over time, this will hold true.

This increased correlation between meme stocks and the market may indicate that some form of normalcy has been restored in relation to the trading activities concerning these meme stocks. Of course, only time will tell. However, if meme stocks really have lost their mojo, investors will be forced to assess these companies on the basis of their underlying fundamentals and growth factors.

For BlackBerry, I think that's a good thing.

BlackBerry has tremendous potential to grow

BlackBerry's current valuation certainly has a lot of growth baked in at the present moment. However, there's an argument that can be made that the company's stock price doesn't fully reflect the

company's growth potential.

Indeed, the company's announced partnership with Amazon is undoubtedly a big underlying catalyst investors should consider. Many think this partnership could be game-changing for BlackBerry's long-term growth outlook. The partnership is centred on the development of BlackBerry IVY, which is an intelligent vehicle data platform, targeting the connected vehicle market. This is a lucrative and fast-growing segment, with tonnes of potential upside.

This specialized software will enable automobile manufacturers to provide car owners with a customized experience. The combination of the companies' QNX and AWS technologies could indeed provide transformative improvements in the operations of connected vehicles.

Bottom line

BlackBerry is an interesting option on the **TSX** right now for growth investors to consider.

Regardless of short-term market moves, the company's partnership with **Amazon** provides a significant boost to its long-term growth potential. Hence, investors may want to take advantage of this dip as a buying opportunity.

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