



US\$5,000 Invested in GameStop (NYSE:GME) on January 1 Is Worth US\$44,000 Today

Description

January 2021 will be written in the annals of the stock market as the month when “[David slew Goliath.](#)” S3 Partners, a financial analytics company, reported that giant hedge funds lost nearly US\$13 billion in their short positions on meme stock **GameStop** ([NYSE:GME](#)).

If COVID-19 frightened the world, a new breed of retail investors terrorized the big players at Wall Street. The short-sellers were down by almost \$26 billion when the video game retailer's share price soared to US\$347.51 on January 27, 2021, from \$17.25 on January 4, 2021.

Many investors made big bucks during the rally, although many latecomers lost too when the price sank to US\$40.59 on February 19, 2021. Nonetheless, had you bought \$5,000 worth of GameStop shares on the first trading of the year and still holding them, you'd be delighted. As of May 13, 2021, the price is US\$151.91, or a 781% year-to-date gain. Thus, your money today would be US\$44,031.88.

Short-squeeze play

Reddit retail investors and some business leaders do not like the antics of these short-sellers. They borrow stocks from brokers, then sell them. When the stock price drops, they buy the same stock and return them to the broker. The difference goes to their pockets.

However, Redditors went all out to disrupt the game plan of short-sellers who bet that GameStop would go down. The group's coordinated efforts to scoop and rally behind the meme stock resulted in a short-squeeze play. Instead of falling, GameStop shares kept rising. The short-sellers had to buy the stock at a higher price, which made it worse, because it drove the price even higher.

Avoid GameStop

In Q2 2021, GameStop has a risky, if not notorious image. Wall Street analysts warn investors to avoid the video game and accessories retailer. The short interest on the stock is not there anymore. Don't

expect the same dynamics in January that sustained the short-squeeze play to be present.

BlackBerry is not a meme stock

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) was also the target of short-sellers, but the army of retail investors came to the rescue. The Wall Street big boys also lost money from the Canadian tech stock. However, I disagree if you were to classify BlackBerry as a meme stock. Unlike the struggling GameStop, BlackBerry is on the [right path towards profitability](#).

The \$5.49 billion company provides intelligent security software and services to enterprises and governments worldwide. If the tech firm isn't trustworthy, why did the federal government choose BlackBerry to provide secure communications software for public servants?

Shared Services Canada (SSC), the agency tasked to manage Canada's IT systems, inked a multi-year deal with BlackBerry. SSC will use cybersecurity products BlackBerry Spark and BlackBerry secuSUITE.

Besides the partnership with **Amazon** Web Services (AWS), WM Motors in China picked BlackBerry's QNX to power its W6 All-Electric SUV. The most recent deal is a five-year, multi-million-dollar partnership agreement with the University of Waterloo.

Runaway choice

Between GameStop and BlackBerry, the TSX tech stock is the runaway choice at \$7.94 per share. The American brick-and-mortar company is losing out big time to digital platforms. It needs more digital growth initiatives to keep pace. Meanwhile, BlackBerry is signing deal after deal, which gives it sustainability and drives growth.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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