



GameStop (NYSE:GME) Surges 33% — Defying Wall Street

Description

GameStop ([NYSE:GME](#)) is on the rise again. In just two days, it has risen 33%, topping \$200 for the first time since March. The rally came just after GameStop announced it was investing in non-fungible tokens (NFTs), a new blockchain asset class that is becoming trendy on social media. NFTs can command shockingly high prices. According to *ArtNet*, the average NFT on SuperRare sold for \$5,800. The most expensive NFT ever sold for \$69 million. GameStop's investment in this new asset class is thought to have influenced its recent rally. In this article, I'll explore that claim in detail.

Did NFTs really take GameStop higher?

GameStop's NFT announcement was the last big release the company made before the rally that began yesterday. As a result, financial media outlets have attributed its rise to that announcement. It may very well be the case that NFTs are what inspired investors to buy more GME. But it's important to note that no causal relationship has been proven to exist. It's a convention in financial media to say, "stocks rose on news of 'x,'" which heavily implies that "x" caused stocks to rise. But absent an in-depth statistical analysis, the claim is rarely warranted.

One thing is for sure though: GameStop's recent rally has *not* been driven by earnings results. GameStop [last released earnings on March 23](#). Any stock price gains or losses from that long ago are likely to have been priced in by now. Given that these earnings were the only recent *financial* news to come out of GME, it's most likely that industry news or rumours have been driving its price. So, the NFT theory is at least plausible.

Are other meme stocks worth looking at?

If you're looking at GameStop's recent rally, you might be feeling like you've missed the boat. Many investors bought GameStop when it was over \$300, only to take major losses. If you're one of them, it might be painful to see GME rising now. It's worth mentioning that GameStop's biggest proponent — the Redditor known as *RoaringKitty* — still owns the stock. GME also has a good track record with earnings beats and is assembling a new, elite management team. Perhaps its best days aren't yet

behind it.

There's also the question of more "under-the-radar" meme stocks like **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). In January and February, investors made a lot of money on these meme stocks. And, unlike GME, they're not trading at such inflated [earnings multiples](#). BlackBerry stock is much cheaper than GME. And it could rise again if some of its investments play out well. BlackBerry is betting big on AI car software and has already had its QNX operating system installed on 175 million vehicles. Just recently, it signed up **VM Motor** as a new client. If it keeps adding more, its software revenue will continue to grow. And perhaps it will reclaim the glory it briefly held at the peak of its meme stock rally.

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