



## Reddit Alert! BlackBerry (TSX:BB) Stock Jumps Over 10%

### Description

Did you see **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock surge 10.5% and the trading volume double to 6.37 million on May 26? There was no news, no announcement that could drive such a rally. This prompted everyone to doubt the notorious Redditors of the subreddit Wall Street Bets once again. Other meme stocks like **Gamestop** and **AMC** also saw a significant rally on the same day.

What are the Redditors planning this time? How can you benefit from their play?

### What do Redditors want from BlackBerry?

To know what Redditors are planning, read their comments. Data from HypeEquity showed that BlackBerry's mentions increased on Reddit, and most of these mentions were accompanied by rocket ship emojis. The rocket ship emoji is extensively used by Dogecoin traders inclining Doge price to go to the moon.

Some comments showed that Redditors who lost in the January [short squeeze](#) mania are trying to break even. For a short squeeze to work, there should be significant short interest. When traders short a stock, they benefit when the stock price falls. If the stock price rises unexpectedly, these short traders lose. To cap their losses, these short traders buy the stock at a premium from the market price.

In January, Redditors took advantage of hedge funds' significant short interest in BlackBerry. Hundreds of Redditors started buying BlackBerry stock, thereby increasing its price to \$17.8. Hedge fund managers were forced to buy the stock from Redditors at \$23, which is termed as a short squeeze. Some even quoted a \$36 price for the BlackBerry stock.

But this time, less than 10% of BlackBerry's shares outstanding have short interest, leaving little room for a rally. The stock surged as much as \$11.73 on May 26. Redditors won't buy the stock at a higher price unless they are sure that they have enough short sellers to buy BlackBerry stock for a premium. I don't expect the stock to go above \$14 in this squeeze.

## How to make money from Redditors short squeeze

Now that you know what Redditors are looking for, put it to your advantage. They are here only for a short term and will exit the moment they hit breakeven. If you purchased BlackBerry stock when it fell below \$10 in early May, this is the time to sell and book some profits. Don't expect Redditors to push the stock price above \$15.

Once Redditors exit, BlackBerry's stock price will fall to \$10, giving you another buying opportunity. I am bullish on the long-term growth potential of the stock, but \$11 is not the price I would recommend buying.

If you try to chase this Reddit rally and buy the stock at a higher price, you will ultimately lock yourself in a losing bet. Because when the price falls, you may not get a chance to sell your expensive stock.

Remember, price is what you pay and value is what you get. BlackBerry can't give you value for a year or two until automotive demand returns. If you buy the stock at \$11-\$12, it will take you some time to break even. And even if you are in the share for the long term, buy the stock at \$10 or lower.

## BlackBerry: A long-term bet

BlackBerry has long-term growth potential with its [endpoint security](#) and embedded solutions. It has products to tap the 5G and electric and autonomous vehicle (EV/AV) revolution. The biggest challenge for BlackBerry is to beat the competition and gain market share.

There are some investors like Prem Watsa who are in it for the long term who have benefitted from more than 60% growth in the stock price in the last 12 months. More growth momentum is in the cards for patient investors.

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pujatayal

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