



## How to Make Money From BlackBerry's (TSX:BB) 2nd Wave of Short Squeezes

### Description

The notorious Redditors are back with a bang and are targeting the same three meme stocks: **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)), **Gamestop**, and **AMC**. This week, the three stocks surged 23.5%, 31.7%, and 114%, respectively. Are you wondering how much more will these stocks will rise before they collapse? Don't wait for that moment, or you will miss the chance to book profits. This is your chance to make money in the short term.

I generally don't recommend short-term bets, but if you purchased BlackBerry at \$10 or lower, this is your chance to make a quick profit.

### How to make money from a BlackBerry short squeeze

In my previous [article](#), I'd talked about the short-squeeze trading strategy. In this article, I will talk about the dos and don'ts of making money from a short squeeze. First, I will start with the don'ts:

- Don't try to time the market.
- Don't buy the stock in this rally.

Remember, this rally is short term and will fade at any moment. And when it does fade, you won't get a chance to exit, because apps like Robinhood give priority to bulk trades over individual trades.

There is no end to greed. If you keep waiting for the stock to reach a little higher, you might miss the rally. Take this opportunity to benefit from the greed of Redditors.

Now come the dos:

- If you already own BlackBerry stock, divide it into two or three lots. For instance, if you purchased 100 shares for \$1,000, divide them into three lots of 30, 35, and 35 shares.
- Sell the first lot of 30 shares at the current market price and book some profit.
- Put the second lot of 35 shares for sale at \$14.5 or \$15. Today, the stock reached a high of \$14.59. If you are lucky, your trade might get executed.

- Keep the third lot for either \$17 or \$14, depending on how the stock moves.

The stocks of Gamestop and AMC have already seen some correction. There is a possibility that BlackBerry stock might also see a correction next week. In the January short squeeze, Redditors pushed the stock to as high as \$18. It was at this price that hedge funds rushed to square up their short position and purchased the stock for a premium of \$23-\$36.

## Don't be greedy

The chances of getting the peak price are thin. And you can never tell what the peak of the short squeeze will be. In the greed to sell at the peak, you might miss the chance to make small profits. If the above trading strategy succeeds, your \$1,000 worth of BlackBerry stock could fetch you \$1,400 to \$1,500 in a matter of one week. You can adopt a similar strategy for Gamestop and AMC.

I would refrain from buying BlackBerry stock at the moment, because buying it at \$13 will reduce your upside. However, if you invest \$50-\$100 every month in BlackBerry as a systematic investment, you need not worry about the short squeeze. The dollar-cost averaging will [reduce](#) your overall purchase price.

## The long-term opportunity of BlackBerry

Once this whole short squeeze mania ends, BlackBerry stock will fall back to its normal trading price of around \$10. You can buy the stock at that time. If you look at the fundamentals, you might not like BlackBerry at the moment, as its revenue fell because of the pandemic. But it is a stock with the potential to ride the recovery rally, as the economy reopens and automotive sales rise.

BlackBerry has launched several endpoint management and QNX embedded platform solutions. It will launch a new vehicle data platform IVY in February 2022, marking its foray into this segment. The company is also seeing increasing demand from its customers.

As the [5G](#) rollout leads to the proliferation of endpoint devices and autonomous vehicles, BlackBerry will play a key role. Yes, there will be competition, but there will be opportunity, too. Only time will tell if BlackBerry can reclaim its lost glory in the 2030 decade.

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