



Why BlackBerry Stock Soared 31% Yesterday

Description

Shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) were up over 30% yesterday to close trading at \$18.25. The rally was most likely fueled by retail traders part of the Reddit forum WallStreetBets. According to data from *Quiver Quantitative*, BlackBerry was mentioned almost 8,000 times in the last 24 hours and was the [fifth most popular stock](#) on Redditt.

The recent price rally shows that BlackBerry stock has more than doubled in 2021 and is up 116% this year. It experienced a similar rally in early 2021 when BB stock touched a multi-year high of \$36 per share.

BlackBerry's stock gains might indicate that another short squeeze could be on the cards, as shares are up over 14% on the NYSE in pre-market trading today, at the time of writing. Around 14% of the stock's trading volume was sold short on June 1, which is elevated and provides traders the chance to make a quick buck by [propagating a short squeeze](#).

BlackBerry stock was trading at \$8.5 per share on May 25, and if the shares touch \$20, short-sellers who borrowed at a lower price will have to pay back more than twice the amount. As they will need to cover these losses, BB stock could gain momentum and end higher in the upcoming trading sessions.

BlackBerry continues to disappoint long-term investors

While BlackBerry stock has crushed the broader market year to date, there are several questions that need to be answered. In its most recent quarter, the company experienced a 34% decline in revenue year over year while posting an operating loss of \$313 million. In fiscal 2021 that ended in February, sales were down 14% year over year at \$893 million. Its loss in 2021 widened to \$1.1 billion, or \$1.97 per share, compared to a loss of \$149 million, or \$0.32 per share, in 2020.

BlackBerry emphasized that its QNX business continued to gain traction among automakers and has design wins with 23 of the world's top 25 electric vehicle OEMs (original equipment manufacturers). Over 175 million vehicles are equipped with QNX.

It also expanded its partnership with **Baidu** to power the next-gen autonomous driving technology.

What's next for BB stock?

BlackBerry ended fiscal 2021 with \$804 million in cash and managed to increase its cash flows by 29% year over year to \$74 million in fiscal 2021. It reduced debt by \$240 million, thereby decreasing its interest expense by \$16 million. While its gross margin was down year over year, it has risen by 11 percentage points since fiscal 2017.

Further, over 90% of BlackBerry's software product sales are recurring in nature, allowing it to derive \$468 million in annual recurring revenue. BlackBerry also claimed the royalty revenue backlog for its QNX product is \$450 million.

The company's management continues to remain optimistic about the long-term prospects of BlackBerry. In its recent presentation, BlackBerry forecast its total addressable market to increase from \$38 billion in 2020 to \$89 billion in 2025. While BlackBerry is part of a rapidly growing market, it has failed to increase its top line at a similar pace, which suggests the company is losing market share in key verticals.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/15

Date Created

2021/06/03

Author

araghunath

default watermark

default watermark