



## BlackBerry Stock: Big Risks and Big Rewards

### Description

The meme-stock momentum has shifted to **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) in recent days, and investors new and old are wondering if this is the right time to buy or sell BlackBerry stock.

### Volatile action

Over the course of a two-week period in January, BlackBerry surged from \$9.45 per share to a closing high of \$31.50. Anyone who had the good fortune to buy below \$10 and the foresight to bail out near the top quickly tripled their money. BlackBerry insiders who had been sitting on shares for the past few years took the opportunity to pocket some gains. The insider selling on the rally was a good indication for speculators that the move was likely not justified based on the fundamentals. Unsurprisingly, the stock fell 50% over the next week to \$15 and was back below \$10 per share in the first half of May.

The day-trading army started to move back into BlackBerry stock on May 26, and the action quickly picked up steam. At the time of writing on June 3, the share price is close to \$20 after reaching a daily high above \$24 and a hitting a daily low around \$17. That kind of wild action is fun to watch from the sidelines, but it can be gut-wrenching for anyone who owns the stock as a buy-and-hold pick, rather than as a speculative trade.

### Upside potential

BlackBerry was once a leader in the emerging smartphone market and effectively dominated the segment for commercial and government customers. Its attempt to win the consumer segment failed, however, and, as often happens in the fast-moving tech space, competitors with deep pockets learned from BlackBerry's mistakes and eventually took over the smartphone industry.

Today, BlackBerry is a software company focused on security, which has always been the company's competitive edge. As homes, businesses, and vehicles become more connected to the internet, security is increasingly important. The Internet of Things (IoT) hype that emerged a few years ago is now a reality, and BlackBerry is positioned well to play a key role. The expansion of [5G](#) provides even

greater opportunities for the cybersecurity firm.

BlackBerry is forging partnerships with leading tech players, such as **Amazon** Web Services (AWS). The [agreement](#) announced last December will see the two companies market BlackBerry's Intelligent Vehicle Data Platform (IVY) to automakers around the globe. In short, cars will send streams of data to the cloud, where the information can be analyzed and used to send safety messages back to drivers or enable automakers to market new products and services to customers.

BlackBerry is already a leading player in the automotive industry. Its QNX software protects 175 million vehicles worldwide.

## Downside risks

BlackBerry is a small company these days, and every time the market gets excited about a new product or partnership, the company then disappoints on the next round of earnings. Investors have known for the past eight or nine years that the transformation would be a marathon rather than a sprint, but the patience has not been rewarded in the results. That might eventually change, but so far the fundamentals haven't panned out.

BlackBerry competes with some tech giants in several segments. Whether or not it can carve out a very profitable and dominant security niche in the next few years is yet to be seen.

## Should you buy BlackBerry stock now?

Traders could certainly make a quick buck on the volatile moves. Investors with a buy-and-hold strategy, however, might want to wait until the latest mania subsides. A drift back below \$10 might be a reasonable entry point.

### 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**

2025/07/27

**Date Created**

2021/06/04

**Author**

aswalker

default watermark

default watermark