



BlackBerry (TSX:BB) Stock: How to Book Profits in This Reddit Frenzy

Description

BlackBerry (TSX:BB)(NYSE:BB) stock is at the cusp of the Reddit frenzy 2.0. It all started last week, and it will likely end by the middle of next week. Between May 25 and June 3, the stock surged 84%, as Redditors began buying the stock in which hedge fund managers have short positions. Redditors succeeded in their mission to force hedge fund managers to square up their short position and buy the stock at a premium.

BlackBerry stock price momentum

Before I jump to the momentum, BlackBerry stock's average trading price is around \$10-\$11, and its average trading volume is 4.4 million shares. But the Reddit frenzy has boosted both price and volume, and traders are having a crazy time playing "Fastest Finger First."

On June 3, BlackBerry stock had a day high of \$24.35 and a day low of \$16.42. That's a 30% gap between a day's high and low. Moreover, the trading volumes are crazy at 34 million shares, eight times its average trading volume.

For the last few days, I have been [warning you](#) about greed for BlackBerry. Unless you are a skilled trader, you may not be able to sell the stock at the desired price. The volatility is too high, and the volumes that you are looking at are like a tsunami. And you don't surf in a tsunami.

So, if you are thinking of selling BlackBerry stock at \$24, your order might not get executed. That's not how stock trading happens in such cases. And if you sell the stock, even at \$18, consider yourself lucky, as it is a 60% return from its average trading price.

How to book profit in BlackBerry stock

At Motley Fool, we recommend a long-term investment strategy. BlackBerry is a long-term buy, but not at the \$18-\$20 price point. A \$20 price is what it could reach in a year or two if things pan out well for its [automotive products](#). But the short squeeze has opened a temporary window of opportunity that I would suggest you should take advantage of to book some quick profits.

Once this trading game is over, the stock will fall back to its average price, and you can repurchase the stock at \$10-\$11. But the question is, how do you book a profit?

First, do not engage in any form of buying activity. The hedge funds are buying, and they buy in bulk and at a hefty premium. So, the chances of your purchase getting executed are slim.

Second, put your sell order before the market opens at the current trading price. If you set your price slightly above the trading price, it may or may not get executed.

Third, do not try buying the stock again before it dips to \$10-\$11.

Be grateful for the gains you made, and don't cry over the day's high. Not everyone gets that price. For instance, BlackBerry stock made a day's high of \$24.35, but maximum orders got executed in the range of \$19-\$22 on June 3. This range is where you book the profit. So, place your sell order at \$20 to book a profit.

Investor takeaway

While the short squeeze has created short-term opportunity, don't get carried away with the BlackBerry profits. Put the profit in some good dividend or growth stocks. And buy BlackBerry stock when it falls to \$11.

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

2025/08/28

Date Created

2021/06/04

Author

pujatayal

default watermark

default watermark