



BlackBerry (TSX:BB) Stock Update: Where Is the Meme Stock Headed?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has been right there at the top when it comes to the [meme stocks](#) that have been turning heads this year. The Canadian software company came into the limelight, as retail investors betting on a short squeeze with BlackBerry took the stock up to \$36 per share earlier this year.

BlackBerry stock declined to \$10 per share for most of last month, and it seemed like the short-squeeze play was off. However, recent days have seen another surge in BlackBerry's stock price. The stock is trading for \$19.01 per share at writing.

I will discuss what you can expect from the meme stock to help you determine whether it could be worthwhile adding BlackBerry stock to your investment portfolio.

A short squeeze needs consistent momentum

Stock market data indicates that short bets have not recovered as much as investors might have thought. The potential for a short squeeze is still on the cards, because it looks like the squeeze has yet to happen.

Short interest is still high for BlackBerry and several other publicly traded companies right now. Hedge funds, traders, and many others are looking to make a quick buck from the other side of the trade. The heavy retail investor buying volume could be the primary reason for the rapid rise in meme stocks.

BlackBerry's rapid surge can continue, provided that the retail investor buying volume remains consistent or picks up its pace. Retail investors have already shown that it is possible to change the tide with millions of individuals coming together and coordinating their investment decisions. If enough retail investors can continue the trend, BlackBerry stock could keep going up.

Cautious investors, beware

Despite the positive sentiment among retail investors, BlackBerry stock runs a serious risk. There is a chance that retail investors might start to take their profits from the rising BlackBerry stock and move their money elsewhere. It would only seem like the logical thing to do.

However, many believe that the retail investors will not back down. There is a concept called “diamond hands” among the meme stock investing community already showing results. Even if some investors walk away with profits, a significant enough number of traders holding onto the stock with diamond stock can prevent a rapid downside like the one we saw earlier.

A decline in retail buying could spell bad news for BlackBerry investors, tipping the scales in the opposite direction. If you are a cautious investor, you need to know about this possibility before making a buying decision.

Foolish takeaway

BlackBerry stock is unlike meme stocks like **GameStop** in that it has fundamentals that give it some value as a stock worth investing in, but the stock price is going too high, too fast. At this rate, the company’s valuation on the stock market is going far beyond the value its fundamentals can back.

BlackBerry could go anywhere beyond this point. I would not suggest buying shares of the company by blindly trusting that the [meme stock](#) momentum will carry it higher. It is still a stock worth keeping a close eye on for the next few weeks.

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