



BlackBerry (TSX:BB) Stock Is Up an Insane 104% in 2021: Is It Just a Meme Now?

Description

Reddit traders are on the move again in June 2021 in a [sequel](#) to the **GameStop** drama in late January. This time, retail investors are propping up floundering **AMC Entertainment**. Both are meme stocks making waves on Wall Street.

CNBC's Jim Cramer advises young investors to make money in the stock market but must know that it's not a game. He said trading meme stocks is more like gambling than investing, adding that the likes of GameStop and AMC must be offered at casinos instead.

According to Bloomberg, the frenzy is about hedge funds shorting shares of companies on the verge of collapse. The Reddit traders then swoop in on the stocks that would force the short-sellers to buy more shares to cover losses. As a result, it propels prices higher.

Outrageous price jumps

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is a Canadian stock that the retail traders consider a meme stock. However, I'd like to believe otherwise if I compare the year-to-date gains. For GameStop and AMC, it's 1,138.54% and 2,230.19% versus BlackBerry's 103.91%.

You know a meme stock when there are big, if not outrageous, [price jumps](#). According to a *Wall Street Journal* article, meme-stock traders could be messing with corporate theory. Professional Wall Street investors also call the gains illogical. They predict the frenzy will fizzle out and the army of novice investors will feel the pain of losing money.

Some market observers say BlackBerry is lumped unfairly with meme stocks. The \$9.74 billion intelligent security software and services provider should appeal to both retail and large institutional investors. Unlike GameStop and AMC, BlackBerry has strong fundamentals. The tech company's strong IT credentials and offerings make it an attractive growth stock.

Growth drivers

On April 12, 2021, the Canadian government signed a multi-year agreement with BlackBerry through Shared Services Canada (SSC). Public servants across the country will have access to BlackBerry Spark unified endpoint management (UEM) and BlackBerry SecuSUITE.

The cybersecurity contract with SSC only proves that BlackBerry plays a critical role in Canada's digital transformation. BlackBerry is also co-developing an automotive app store for connected vehicles with **Amazon**. The potential annual revenue from apps and data could reach \$4 billion based on analysts' projections.

BlackBerry's SSC contract and partnership with Amazon aren't the only growth catalysts. The latest collaboration is with BITECH, a China-based automotive parts manufacturer. The project involves the development of a digital LCD instrument cluster that would offer an advanced smart driving assistance program.

Apart from the real-time performance with functional cybersecurity and safety cybersecurity features, the instrument delivers a visually appealing instrument cluster that enhances the notional value of the car. BlackBerry management hopes more OEMs and auto manufacturers will install it in their future and existing models.

Superficial surge

Meme investing is a risky activity. The massive surge in prices of Reddit stocks is indeed enticing. However, the companies that these traders support are not fundamentally sound. GameStop and AMC soared primarily due to viral interest in social media.

While it's possible to earn big bucks from meme stocks, they're incredibly volatile. A dramatic crash could follow the meteoric rise in prices. The tag on BlackBerry is undeserving because the Canadian tech stock can flourish without or without the meme stock traders. I'd choose it over GameStop and AMC in 2021.

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