



1 of the Hottest Reddit Stocks to Buy in the 2nd Half of 2021

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has been trading with high volatility for the last few weeks. This one of the most popular Reddit stocks is my favorite — mainly because of its huge future growth potential. That's why I expect it to outperform the broader market by a wide margin in the second half of 2021.

Before we dive deeper into some [key factors](#) that could help this **TSX** stock surge in the next couple of quarters, let's take a closer look at its recent stock movement and its latest quarterly results.

BlackBerry stock and the Reddit trading mania

BlackBerry stock's volatility suddenly tends to jump when its mention on Reddit's WallStreetBets group increases. The anonymous members of this subreddit have been making headlines this year by triggering a buying spree in many stocks like **GameStop**, **AMC Entertainment**, and BlackBerry. The subreddit members have selected some heavily shorted stocks — causing big losses to some institutional short-sellers. That's one of the reasons why BlackBerry stock staged a big rally in the second and third week of January.

Similarly, BB stock came into focus again a few weeks ago, as it posted 18% and 38% gains in the weeks ended on May 28 and June 4, respectively. This Monday, it rose again by 6% after trading on a negative note in the previous couple of weeks.

Better-than-expected Q1 earnings and sales

Interestingly, the company reported its better-than-expected first-quarter earnings and revenue last week on June 24. While BlackBerry's revenue in the May quarter fell by 19% on a year-over-year basis, it reported an adjusted net loss of US\$0.05 per share.

BB's management already warned investors earlier this year that its sales in the first half of the fiscal year are likely to remain weak due to its ongoing negotiation with a North American party to sell the

portion of its patent portfolio. Despite these developments, its licensing segment's gross margin stood strong at 75% in the last quarter.

More importantly, BlackBerry's revenue from its internet of things business segment jumped by 48% YoY with an amazing gross margin of 84%. This business segment mainly includes its QNX real-time operating system and IVY vehicle data platform.

This Reddit stock could surge again

While the Reddit trading frenzy partly fueled BlackBerry's rally in the first half of the year, I expect its stock to maintain the momentum in the coming quarters — even without Reddit traders' support.

The company's QNX operating system has already become extremely popular among large global automakers. Now, its IVY data platform is likely to help BlackBerry gain big from the upcoming electric and autonomous vehicle revolution. Moreover, its cybersecurity business could also register exponential growth in the coming years amid surging demand.

These factors could play an important role in boosting the company's future earnings-growth outlook in the coming quarters. That's why you may want to add this amazing Canadian tech stock to your portfolio right now and expect handsome returns on your investment.

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