



Q3 Outlook: This 1 Reddit Stock Could Surge Again This Quarter

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock ended another quarter with [sharp gains](#). The stock rose by 44% in the second quarter. Previously, it posted 38% to 25% gains in the fourth quarter last year and the first quarter this year, respectively. It has been one of the hottest Canadian tech stocks this year — partly because it has been one of the favourite stocks of Redditors.

BlackBerry stock and Reddit trading

The subreddit called WallStreetBets triggered a sharp rally in BB stock in January, helping it post massive 113% gains for the month. While the stock slashed some of these gains in the following couple of months, Reddit traders became active again towards the end of May. With this, the stock began rallying again amid heightened volatility. To give you an idea, BlackBerry stock posted daily gains of 11%, 12%, and 31% on May 26, June 1, and June 2, respectively.

Reddit traders are indeed responsible for the recent extreme volatility in BlackBerry stock. But I wouldn't credit them for all the gains that the stock has seen this year so far. Here's why.

Key positive factors

In my opinion, BlackBerry stock has largely remained significantly undervalued for a long time. While its once flourishing smartphone business collapsed more than a decade ago, the company has since moved on to other businesses with significant future growth potential. Today, BlackBerry mainly focuses on providing cybersecurity software and services to enterprises and governments globally. Its expertise in the cybersecurity domain sets it apart from most of its competitors.

We live in an era where most businesses either want to or need to strengthen their online presence. The COVID-19-related shutdowns and restrictions further accelerated this trend. In order to keep their online data secure from unwanted threats and risks, businesses require reliable cybersecurity solutions. That's why I expect BlackBerry's cybersecurity solutions demand to significantly rise in the coming years. This could be one of the reasons that justify its recent stock rally.

Q3 outlook is strong

Another important factor that could help BlackBerry stock keep soaring in the coming quarters is its increasing focus on autonomous and electric vehicle technology. Last year, the company [partnered](#) with **Amazon** Web Services to develop IVY — an integrated vehicle data platform. Many automakers have already started showing interest in BB's new data platform. This platform would allow auto companies to access vehicle sensors data in real time and utilize it according to their needs.

This was just one step among many that BlackBerry is taking to gain from surging autonomous and electric vehicles demand.

Should you buy the stock right now?

Currently, BlackBerry stock is trading with 80% year-to-date gains. But it still has room to inch up further considering all the positive factors that we just discussed. That's why it's worth buying right now for the long-term investors with a good risk appetite.

However, I would recommend investors with a low-risk appetite to remain cautious — mainly due to its high volatility with the ongoing Reddit trading frenzy. Such investors can invest in other cheap high-growth stocks instead.

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Date

2025/08/20

Date Created

2021/07/01

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