



## Reddit Stock: BlackBerry Sags Amid Downgrades

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) may be a [top](#) Canadian Reddit stock with one of the better turnaround stories, but shares still seem a tad too overvalued at \$15 and change. With negative momentum starting to pick up, I wouldn't at all look to buy the dip, especially if you're looking to do so as a trade to make a quick buck alongside the retail army over at WallStreetBets.

Undoubtedly, the "paper hands" (weak hands) have been overpowering the "diamond hands" (strong hands) in recent weeks. Although a select group of Redditors will HODL (hold on for dear life), I think the magnitude of pain is far too much for the average Canadian retail investor to be jumping in here.

In prior pieces, when BlackBerry stock was at or around its latest peak just shy of the \$20 mark, I'd urged [patience](#). Long-term investors looking to buy and hold the name for years or decades at a time would likely get a chance to pick up shares at closer to \$9 — near the Street-low price target — once the WallStreetBets meme stock rally had a chance to exhaust itself.

## BlackBerry stock sags: Shares could have much further to fall in the second half

It's unwise to bet against meme stocks, especially after BlackBerry's second wave of Reddit-induced buying. As the BlackBerry trade sours again, I have no idea whether there will be a third spike at the hands of WallStreetBets. However, I certainly wouldn't rule it out.

Why? The retail crowd over at Reddit has not only grown since the first spike back in January, but there's a growing sense of comradery.

Specifically, it's the big money (the hedge fund managers selling short, distressed stocks) that is viewed as the enemy. For some folks on Reddit, it's more about maintaining "diamond hands" and bringing the pain to the short-sellers than it is about making money.

Indeed, holding and never selling is not a great formula for a trade, especially for those who got in after

the fact. That's why I've urged those keen on betting on meme stocks to have an exit plan and to resist the urge to maintain diamond hands when there's a perfectly good opportunity to book a profit.

Despite the strengthened hands of WallStreetBets retail traders, I expect more pain ahead over the near term, as BlackBerry stock looks to sag towards levels that closer to its intrinsic value. Specifically, I would look for BlackBerry to approach the \$9-14 range, where sell-side analyst price targets currently lie.

## Analysts downgrade to sell

Throughout June, many analysts covering BlackBerry downgraded the name, primarily due to valuation concerns. As you may know, it's quite rare to see a sell-side analyst slap a stock with a "sell" rating. It just doesn't happen very often. And to many investors, a "hold" rating is as good as a "sell."

That's why I find the recent round of downgrades in BlackBerry stock to be remarkable, especially for beginner investors who view the name as a buy on the dip.

Paul Treiber of RBC Capital slapped BlackBerry stock with a "sell" rating with a Street-low price target of \$9 and change. That's a long way down! Unfortunately, I think there's a high chance Treiber's target could be hit this year. As such, I'm still not a buyer of BlackBerry at this juncture, even though it is my favourite Reddit stock. The valuation, I believe, doesn't make a whole lot of sense.

### CATEGORY

1. Investing
2. Stocks for Beginners
3. 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. Stocks for Beginners
3. Tech Stocks

### Date

---

---

2025/08/25

**Date Created**

2021/07/10

**Author**

joefrenette

default watermark

default watermark