



BlackBerry (TSX:BB) Stock: Short Squeeze Imminent?

Description

BlackBerry (TSX:BB)(NYSE:BB) is Canada's very own meme stock. Like **Gamestop** and **AMC Entertainment Holdings**, it has rallied this year thanks to promotion on Reddit and **Twitter**. While BlackBerry's gains haven't been as hot as those of the other two stocks mentioned, it is still up handsomely for the year. As of this writing, it traded for \$14.10, up from \$8.44 at the beginning of the year. At one point the stock was all the way up to \$32, but that ended quickly when BB's meme status began to fade.

Like most meme stocks, BlackBerry has often been mentioned as a potential short squeeze stock. Its short interest is fairly high, and it has a lot of bullish investors who can keep buying or holding while shorts accumulate interest in their accounts. If they hold on long enough, maybe we'll see a BlackBerry short squeeze sometime this year.

BlackBerry's short interest

According to [MarketBeat](#), 6.76% of BB shares are [currently being sold short](#). That's a fairly high level of short interest. It's not as high as it is with GME or AMC, but it's fairly high. If 6.76% of a stock's float has to be bought up all at once, you're going to see a squeeze. Of course, it doesn't always play out that way in reality.

Not all shorts have to cover at the exact same time; usually, they'll close their positions on different days. So, there is no guarantee of a massive increase in BlackBerry's stock price just because it has a fairly high short interest. There's potential, but it doesn't have to happen.

BlackBerry's recent earnings

BlackBerry's recent earnings were taken as a positive by some of its fans but were pretty rough according to the numbers. Some highlights included:

- \$174 million in revenue.

- 66% gross margin.
- A \$490 million QNX royalty backlog.
- Non-GAAP loss of \$0.05.
- GAAP loss of \$0.11.

Broadly, BlackBerry is still losing money, though the losses aren't severe as a percentage of revenue. The \$490 million QNX royalty backlog is interesting. The line item is presented without comment or clarification on BB's financial statements. But if we go by the dictionary definitions of "royalty," "revenue" and "backlog," it appears BlackBerry expects to collect \$490 million in past-due royalties from car companies running QNX.

If that's the case, then a quick and unexpected revenue spike could be in the cards sometime in the next few years, potentially sending BB's stock higher.

Meme stock status fading

A final consideration when it comes to BlackBerry:

Its meme stock status is rapidly fading.

It's no longer among the "trending companies" on the front page of Docoh.com, and it's not getting as many mentions on Reddit as it used to. Quite probably, the \$32 prices seen earlier this year won't be happening again any time soon. But then again, they could.

If investors bid up the stock enough and then shorts have to cover, maybe we could visit \$32 again. I personally won't be betting on it, but it's a possibility.

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