



BlackBerry's (TSX:BB) Gamma Squeeze Cycle Ends: Is There Growth Left?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has dipped 35% from its June high of \$19.12, triggered by [a gamma squeeze](#). The stock is teasing the \$13 mark, hovering between \$12 and \$13. This marks the end of the second cycle of gamma squeeze. During each dip and rally, you may ask, is there any more growth left? I will try to answer this question here.

Analyzing BlackBerry stock

There are two ways to look at a stock: using technical or fundamental factors. The technical indicators analyze the stock price and the trading volume to understand the direction of where investor sentiment is skewed. At present, BlackBerry stock is moving towards the oversold category as the short-squeeze trading game cooled.

When a strong stock with long-term growth potential is oversold, value investors grab on to it and push the stock up. But with BlackBerry, many investors are likely to buy the stock over anticipation of another gamma squeeze cycle. This is because the stock has a long way to see any fundamental growth.

Now, I will jump to the fundamentals. BlackBerry is a software firm, and its main product is endpoint and cybersecurity. It is banking on automotive technology for future growth. The company is developing an automotive data analysis platform IVY and is testing its various applications.

BlackBerry [announced](#) a vehicle-based payment capability for IVY in partnership with fintech company Car IQ. The new tech will help BlackBerry tap the connected car payments market. The company plans to launch the IVY platform in February 2022. Another growth area for BlackBerry is its QNX platform that powers over 191 million vehicles. But the platform has applications in other Internet-of-Things (IoT) devices as well.

Is any growth left in BlackBerry stock?

If you look at the automotive market, it is currently in a short-term bear market, because of the semiconductor supply shortage. But this bearishness will end when the chip supply normalizes. The

electric vehicle (EV) demand will pick up, as governments of the three largest automotive markets (China, Europe, and the United States) have put policies in place to replace combustion vehicles with EVs to reduce carbon emissions.

When EV demand picks up, BlackBerry's QNX and IVY platform demand will gather momentum. Moreover, the wait for the IoT proliferation from the [5G](#) rollout is getting a little longer. But all these markets that I talked about also have competition. The thing with tech is, you never know which product will win the heart of the masses. Even a new company can challenge the market giants. There are many such examples in the tech space.

Zoom Communications overtook **Microsoft** Teams and Skype in the video chat space. **Apple**, relatively new to the mobile phone, disrupted the market leader BlackBerry in 2007 and brought it to its current condition. Only time will tell if BlackBerry can beat the competition and once again become a leader in the space where it works.

BlackBerry stock has the potential to make you a millionaire only if you wait. Remember, I am not saying it can make you a millionaire, but it has the potential.

Reading the stock charts

But if you are buying BlackBerry to make some quick gains from another short squeeze, then you are up for a bargain. BlackBerry stock surged almost 47% year to date as traders inflated the stock price to \$11-\$12, which is 16-26% higher than last year's price of \$9.5.

A \$12 price is suitable for the stock, which has attracted the interest of many. But when a strategy (such as short squeeze) is repeated, its profits diminish. In the first short squeeze, BlackBerry stock jumped as much as 225%. This growth slowed to 85% in the second squeeze. There is no guarantee another squeeze will come. But if it does come, the growth could slow below 50%. When the general public learns the secret, you lose the advantage of being unique.

In either case — using the long-term fundamental or the short-term squeeze — BlackBerry is an attractive stock to buy at \$12.

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