



## BlackBerry (TSX:BB) Stock Rallies Once More!

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock is rallying once again. Up 17% over the last month, it has risen in tandem with its fellow meme stocks **AMC** and **GameStop**. At this point, it's pretty clear that Reddit-beloved stocks tend to move in unison. Price moves in AMC and GME are highly correlated, BB slightly less so. Generally, when the "big name" meme stocks are posting huge gains, BlackBerry tends to go up slightly less while following the same basic pattern. This past month's moves are consistent with that, as we've seen BB rise about half as much as GME and AMC in the same period.

So, we have a pretty good idea of what's going on here. Redditors are getting bullish on meme stocks again, and BlackBerry is benefitting from the trend. The question is whether this is *all* there is to the story, or whether there is something more going on here.

### What's behind the rally?

To understand why BlackBerry is rallying, we need to look at the features it shares in common with other meme stocks that are rising this Summer. To simply say that these stocks are correlated isn't much of an answer: we need to know *why* the same investors are drawn to them.

One thing that BlackBerry has in common with other meme stocks is high short interest. According to MarketBeat, [6.5% of BB's shares are sold short](#), meaning that a sudden rush by shorts to cover their positions would noticeably boost the price. That may be part of the reason why Redditors are enamoured with BlackBerry.

As for fundamentals, it's doubtful that they explain what's going on. The company's most recent earnings were lukewarm, beating on revenue and in-line on EPS. Here were the standout metrics:

- Revenue: \$174 million
- Gross margin: 66%
- Adjusted diluted EPS: -\$0.05
- GAAP diluted EPS: -\$0.11

The gross margin is pretty encouraging, but ultimately, we've still got BlackBerry losing money here. This situation could easily turn around as BlackBerry racks up more big lucrative enterprise contracts, like the one it recently scored with China's **WM Motor**, but it's hard to say whether they will be forthcoming.

## Can it continue?

Now that we've seen some possible explanations for BlackBerry's recent rally, it's time to answer the question: *Can it continue?*

My own best guess is that it could but that any rallies like the recent one will be short-lived. BlackBerry has gone on many short-lived rallies this year only to come down to its previous range of \$10-\$11 later. It seems like the meme stockholders have less long-term conviction in this play than they do in AMC or GME. BlackBerry is only a bit player on WallStreetBets compared to the superstars AMC and GameStop. So, it's less likely that this stock will rally as hard as its American counterparts, barring some unforeseen circumstances like a huge earnings beat.

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