



BlackBerry (TSX:BB) Stock: Why it's Falling

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has been tumbling lately. Down 11.4% over the past month, it has taken a real beating. As I wrote in a recent article, the Reddit interest in BB has begun to dry up. That's a problem for the stock, whose 2021 rallies were driven by high levels of interest on Reddit communities like r/WallStreetBets.

Since its last run-up in June, BB stock has been struggling to regain its former momentum. It did see one spike in early September, but it didn't go very far. In this article, I will explore some of the reasons why BlackBerry stock has been falling and try to gauge whether it could rise once more.

Reddit interest dries up

By far the biggest factor behind BlackBerry's recent slump is a [lack of interest on Reddit](#). BB's rallies this year had nothing to do with fundamentals. The quarterly reports showed significant net losses and negligible revenue growth. But the stock was picked up by Reddit in the meme stock mania of January 2021. That month, when **AMC**, **GameStop**, and **Nokia** were going on their wild rallies, BlackBerry rallied right along with them. At that point, it was one of the most mentioned stocks on Reddit after AMC and GME. It didn't rally quite as hard as those stocks did, but it, at one point, went up 280% from its price at the start of the year.

That was then and this is now. BB very rarely trends on Reddit these days. A few days ago, the stock was in [14th place in WallStreetBets mentions](#). That's not bad given BB's relatively small market cap, but it's not the kind of hype that drives big returns.

Latest earnings not great

With Reddit losing interest in BlackBerry, the stock is now left to trade based on fundamentals. And therein lies the problem. BlackBerry's earnings results (i.e., its fundamentals) aren't very good, and if it has to trade based on them, then it won't hold the kind of market cap that Reddit drove it up to.

In its most recent quarter, BlackBerry delivered

- \$175 million in revenue
- A \$0.25 GAAP net loss per share
- -\$0.06 in adjusted EPS

Revenue was just barely increased from the first quarter, and the net loss actually got worse. So, despite all of the hype about BlackBerry's turnaround as a software business, it is still losing money and barely growing its revenue. That does not look like a winning combination.

Foolish takeaway

BlackBerry is, in many ways, an enigma. It notoriously failed as a smartphone company, then later reinvented itself as a software company. Its success as a software company has been widely acclaimed, but the popularity of its software has not so far translated into actual profits. This company may eventually see its shares get pumped by Reddit again. Absent that, though, there is no reason to think its stock will keep rising.

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