



## BlackBerry (TSX:BB) Stock Breaks Out: What's Behind the Recent Surge?

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) investors must have been delighted with the stock's recent uptrend. It rose more than 13% on October 19, making its collective gain 22% in the last five trading days.

So, what's exactly driving the stock? Are the bulls finally here?

Well, no! It's the same old story again. The meme stock is up as the Redditors have become active again since last week. The subreddit [wallstreetbets](#) saw substantially higher discussion regarding BB stock on the forum in the last few days.

### Meme stocks heat up again!

Interestingly, the recent buying in BB has been extremely forceful, which is shown by the trading volume. On the **New York Stock Exchange**, almost 34 million shares exchanged hands on October 19 against its three-month average daily trading volume of 9.5 million. On the **TSX** as well, the daily trading volume in BB stock tripled to 6.5 million yesterday.

Interestingly, there has not been such a move in peer meme stocks like **GameStop** and **AMC Entertainment** of late.

During the earlier leg of the meme stock rally in January, BB stock zoomed to \$36 from \$8 apiece, marking an abnormal 350% gain in just a month. And even this move was dwarfed by the gains of GME and AMC.

However, investors should understand that such gains are not driven by fundamentals and are thus short-lived. As BB stock lost its steam on social media, the stock fell back to \$10 levels in the subsequent months.

So, the gains were reaped by only a bunch of information-advantaged traders. But a large group of investors were caught on the other side of the trade.

## Is BlackBerry stock a good buy?

Notably, BlackBerry does not look like a [fundamentally sound investment](#), at least for now. It has been reporting declining [revenues](#) and a worrisome bottom line for a long time.

For the fiscal year 2021 ended in February of 2021, the company reported revenues of \$777 million and a loss of \$651 million. Since 2016, its revenues have declined by 18% annually.

BlackBerry has come a long way from a once mobile handset maker to an embedded operating system maker for connected cars now. BlackBerry's QNX is one of the most popular software for next-gen cars. It plans to release its vehicle data analytics software— BlackBerry IVY—early next year.

So, although BlackBerry operates in high-growth markets, it has had highly unstable operational and financial growth. Cybersecurity Internet of Things could certainly dominate the future. However, for now, BlackBerry seems to be having a hard time setting its foot firm in these domains.

## The Foolish takeaway

There have been instances in the past that when a stock gets popular on social media, it rises exuberantly in the short term. Well, the recent meme stock frenzy might send [BB stock higher](#). But don't forget the other side of the story. The same stock also gets punished when its popularity wanes. Besides, the volatility and timing risk is so huge that it might catch you on the other side of the trade.

It's up to you. Does it really make sense to you to invest in a stock just because it has higher mentions on social media? Better to ignore the short-term chaos and use your fundamental analysis skills while investing for the long term.

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## Date

2025/08/25

## Date Created

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