



Why BlackBerry Stock Is a Steal Below \$10

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has been one of the worst-performing stocks on the TSX amid the ongoing [tech sector](#)-wide selloff. Despite witnessing a sharp correction in November and December, BB stock managed to end the year 2021 with solid 40% gains. However, it has already lost nearly 20% of its value in 2022 so far as investors continue to exit risky bets.

With this, BlackBerry stock recently dived well below the \$10-per-share psychological level, and I find it a steal at the current market price. Before I explain why, let's look at its recent stock price movement and find out what might be hurting it lately.

Why BlackBerry stock is falling

In the last few months, investors across North America have been worried about rising inflation, expecting the Federal Reserve to take impressive monetary policy measures. In anticipation of monetary policy tightening, most institutional investors started to adjust their bets and reduce their holdings in the technology sector (which is usually considered risky) in late 2021.

This trend led to a massive tech sector-wide selling pressure — also driving BlackBerry stock downward. Notably, BB stock has seen 34% value erosion in the last three months.

BB stock is undervalued

After witnessing a consistent rally for several quarters, many tech stocks also started looking overvalued, increasing the possibility of a downward correction. However, BlackBerry might not be one of those overvalued tech stocks. Despite its consistently strengthening presence in the automotive industry and an improving outlook for the cybersecurity segment, BB stock didn't see much appreciation prior to 2021. In fact, it dived by nearly 40% between 2017 to 2019, which made the stock look cheap, in my opinion.

While BB stock saw a good rally in 2021, the tech sector-wide meltdown has made it look like a steal

again.

What could help BlackBerry stock recover?

In the last couple of years, growth in BlackBerry's automotive segment remained dismal due to lower vehicle production amid the ongoing supply chain disruptions. However, the situation is likely to improve in the coming quarters. That's why I expect the contribution of QNX business to rise in the company's overall financial growth in the near term.

In recent years, the Waterloo-based company has also increased its focus on developing machine learning and artificial intelligence-based advanced technological solutions for futuristic cars. This factor could accelerate BB's financial growth further in the long term, as the demand for such technological solutions is expected to skyrocket in the coming years.

The recent growth trend in BlackBerry's top line doesn't look particularly impressive. The company's ongoing negotiations regarding the sale of the non-core portion of its IP patent portfolio have been one of the key reasons for its dismal revenue growth lately. However, BB recently [said](#) that these "negotiations are very close to a conclusion."

Moreover, stock investors should pay more attention to a company's future growth potential than its short-term track record. Given that, you may want to buy BlackBerry stock right now before this [cheap stock](#) starts rallying based on its improving growth outlook.

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