



Why BlackBerry Stock Dived 17% in February

Description

What happened?

Shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) fell by nearly 17% in February to \$8.70 per share, marking its fourth consecutive month in the red territory. With this, BB stock is now trading with more than 25% year-to-date losses after touching its lowest level since November 2020 last week. By comparison, the **TSX Composite Index** slightly rose by 28 points last month.

So what?

There was no company-specific news that could be blamed for BlackBerry stock's sharp losses last month. Instead, the recent [tech sector](#)-wide selloff and Russia-Ukraine conflict-driven broader market weakness could be the primary reasons for its downward movement.

As rising inflation raised the possibility of multiple interest rate hikes in the near term, investors started trimming their positions in risky assets in December, including tech stocks. This drove most high-flying stocks from the technology sector down. Concerns about many growth stocks' lofty valuations have further accelerated the tech meltdown in the last couple of months. These factors have badly affected BlackBerry's stock price movement lately.

However, BlackBerry stock is not the only victim of the recent tech meltdown. In fact, it continues to outperform many of its tech sector peers from its home market like **Shopify**, **Lightspeed Commerce**, and **Nuvei**. To give you an idea, BlackBerry stock has seen about 24% value erosion in the last three months. During the same period, shares of Shopify, Lightspeed, and Nuvei have tanked by 54%, 46%, and 44%, respectively.

Now what?

Clearly, the recent tech sector crash has been the main reason for BlackBerry stock's recent losses.

But we should note that, unlike many other tech companies, BB wasn't trading with lofty valuation multiples prior to this selloff. That's why its recent big losses have made this already cheap tech stock look even more attractive.

On the fundamental front, its long-term growth outlook is improving, as the demand for its cybersecurity software solutions continues to increase. In January, BlackBerry [entered](#) a patent sale agreement with Delaware-based Catapult IP Innovations "to sell substantially all of its non-core patent assets to Catapult for total consideration of \$600 million." Its negotiations for the sale of its patent business assets have affected its revenue growth in the last few quarters. After this agreement, you could expect BB's revenue growth trend to improve in the coming quarters.

In addition, BlackBerry's focus on emerging automotive industry trends has increased lately. The company is developing advanced technological solutions for futuristic and smart vehicles. Its tech solutions are likely to enhance the functionality of vehicles and allow automakers to securely access vehicle sensor data. That's why I expect the demand for its automotive offerings to grow exponentially in the coming years and drive sharp growth in its financials. These are some of the key factors that make the BlackBerry stock worth buying — especially after the recent selloff.

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