



BlackBerry (TSX:BB): A Meme Stock Rises Again!

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock went on a big rally last week. Closing on Monday at \$9.20, it had reached \$9.79 by the middle of Wednesday — a 6.41% gain. While BB stock gave up some of its gains later in the week, it remained slightly up by the close on Friday.

For those who watched BB stock in 2021, last week's price action looks awfully familiar. BB went as high as \$35 at the start of the year, before coming back down again. It then went on another big rally in June, which saw it go to about \$19. The stock seemed to have benefitted from the "[meme stock](#)" [phenomenon](#), in which Redditors went on *WallStreetBets* and related communities to pump their favourite stocks. BB, along with **AMC Entertainment Holdings** ([NYSE:AMC](#)) and **GameStop** ([NYSE:GME](#)), was a *WallStreetBets* favourite.

After the June rally, BB sank back to its pre-meme stock level of about \$9. Interest from the Reddit communities seemed to dry up, and investors moved on to greener pastures.

There has been much speculation as to what caused last week's rally to occur. The company's most recent earnings weren't particularly good, and BlackBerry hasn't scored any major new contracts recently. As you're about to see, it's possible that the meme stock phenomenon played a role in this rally, but there are other plausible factors at play here too. So, let's jump right into the topic of what caused BlackBerry to rise last week.

Why BlackBerry made big gains

There were at least two things happening at the same time that BlackBerry rallied last week that may have influenced the gains:

1. An **RBC** analyst put out a note saying that the stock was trading close to fair value.
2. Other Reddit-beloved meme stocks like GameStop and AMC went on large rallies, eclipsing even the gains in BB itself.

The first of these factors may or may not have played a role in the rally. The second one almost

certainly did. In 2021, when the meme stock phenomenon was at it height, we often saw all the popular meme stocks rally at the same time. Typically, BB would see a weaker rally than what was observed in AMC and GME — that’s exactly what happened last week.

Will the rally last this time?

If you’re wondering whether last week’s BlackBerry rally will continue into this week, all I can tell you is, I wouldn’t hold my breath. BB does enjoy meme stock status but is not one of the “top” stocks on Reddit, it’s more of a B-lister. Whenever there’s a big rally in meme stocks, AMC and GME are always among the 10 most mentioned stocks on *WallStreetBets*. That happens much less frequently with BB.

As for more traditional, fundamentals investors, there is little to get them interested. In the third quarter, BB’s revenue declined year over year. Its [net income did improve](#), but it was not overwhelmingly strong. Swinging from a loss to a profit is a positive, but the ongoing revenue decline suggests a bleak long-term trend. It doesn’t look like investors who are interested in buying part of a business would find much to love in BlackBerry. But at least the stock’s valuation is not overly high.

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