



Why BlackBerry Stock Dived 25% Last Quarter

Description

What happened?

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock fell by 25.1% in the June quarter to \$6.94 per share, posting its worst quarterly losses since March 2020 quarter. The recent sharp selloff took its year-to-date losses to more than 41%. By comparison, the **TSX Composite Index** fell by 11.1% last quarter. Notably, it was the fourth consecutive quarter when BB stock continued to trade on a negative note.

So what?

The recent weakness in BlackBerry stock could be attributed to the recent broader market selloff, especially in the [tech sector](#). As high inflation continues to haunt consumers and businesses, central banks in the U.S. and Canada are forced to take aggressive monetary policy measures. Last month, the U.S. inflation numbers reached their highest level in over 40 years. To counter that, the Federal Reserve raised the key interest rate by 0.75 percentage points — its third interest rate hike in 2022 so far.

Also, the Fed has shown its willingness to raise federal funds rates further in the coming months. Investors now fear that the American central bank's aggressive rate hikes could potentially lead the economy to a recession. This is one of the key reasons why the tech meltdown continued last quarter — taking BB stock down by more than 25%.

Now what?

While the tech sector-wide selloff and macro level concerns continue to hurt BlackBerry stock lately, the Waterloo-based tech company's fundamentals have improved lately. Interestingly, the company has been beating Street analysts' earnings estimates for the last five quarters in a row. In the first quarter of its fiscal year 2023 (ended in May), BlackBerry's total revenue stood at US\$168 billion, exceeding expectations of US\$160.7 million. The company delivered positive YoY revenue growth for

IoT (Internet of Things) and cybersecurity segments.

In June, BlackBerry [revealed](#) that its QNX software is now embedded in more than 215 million vehicles across the globe. As the software firm continues to develop its intelligent vehicle data platform IVY, its long-term financial growth prospects are also improving. Given that, the recent dip in BB stock could be an opportunity for long-term investors to buy this Canadian growth stock at a bargain.

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