



Why BlackBerry Stock Has Risen 20% in Q3 So Far

Description

What happened?

Shares of **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) are continuing to outperform most of its peers and the broader market this quarter. BB stock has recovered by about 20% in the third quarter (Q3) so far to \$8.30 per share after losing about 14% of its value in the previous quarter. By comparison, the **TSX Composite Index** has seen 6.6% gains in Q3.

So what?

BlackBerry has been one of my favourite Canadian [tech stocks](#) in recent years, as it hasn't seen much appreciation, despite its consistently improving long-term fundamental outlook. In the last couple of years, the demand for its enterprise cybersecurity solutions has risen sharply after the global pandemic-related restrictions accelerated the shift to digital commerce and encouraged remote work culture. In addition, the company has also been striving to develop advanced machine learning and artificial intelligence-based technological solutions for the automotive industry.

Earlier this month, BlackBerry [revealed](#) that China's Hozon New Energy Automobile's NETA Auto "has selected BlackBerry QNX technology to power its soon-to-be-produced futuristic sports sedan, the NETA S." This development seemingly boosted investors' confidence as the company's expansion in the world's largest auto market continues, triggering a healthy recovery in BB stock in the ongoing quarter.

BlackBerry's better-than-expected May quarter results, released on June 23, could also be responsible for its third-quarter gains on Bay Street. During the quarter, its cybersecurity segment revenue rose 6% year over year, while its internet of things (IoT) segment posted a solid 19% jump in sales, exceeding analysts' estimates.

Now what?

Despite its 20% recovery in the ongoing quarter, BB stock still trades with nearly 30% year-to-date losses. With this, the stock has erased all its gains seen in the last couple of years, despite its consistently improving fundamental outlook. Given that, I find BlackBerry stock way too undervalued, despite its recent rally, making it one of the best tech stocks to consider buying right now for the long term.

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