

Wall Street punishes BlackBerry, Facebook

January 31 2013

Facebook and BlackBerry lost ground on Wall Street Thursday as investors gave a cool reception to earnings at social network Facebook and the Canadian firm's launch of a new smartphone platform.

[Facebook](#) dropped 0.83 percent to close at \$30.98, even after results Wednesday that topped most [analyst estimates](#).

[Research in Motion](#), which rebranded the company as BlackBerry as it unveiled [new smartphones](#) and an operating system, tumbled 5.8 percent to \$12.98 after getting a lukewarm response to the launch.

Facebook, which highlighted a growing shift to mobile usage, reported a \$64 million profit in the fourth quarter of last year, while revenue grew 40 percent to \$1.585 billion.

But analysts expressed concern about news that Facebook expenses jumped 82 percent to \$1.06 billion and will keep rising given the company's plan to hire aggressively and invest heavily in datacenters.

Analysts at Jefferies downgraded Facebook, saying profits may be squeezed.

"While we are broadly supportive of Facebook's longer-term strategy, the material increase in 2013 spending pressures valuation, making the stock less attractive to own on a near-term basis, in our opinion," said Jefferies analyst Brian Pitz.

But Victor Anthony at Topeka Capital Markets said the dip was a buying opportunity.

"We believe Facebook will continue to be one of the primary beneficiaries of the secular ad shift from traditional media to the Internet/mobile," he said.

BlackBerry, meanwhile, failed to generate buying from its launch of the new platform and devices aimed at competing with Apple's [iPhone](#) and others using the [Google](#) Android operating system.

"BlackBerry's base is eroding, so time is of the essence and lower-priced devices for emerging markets and a larger screen model must also be in the lineup in order to target a broader audience," said Mark Sue at RBC Capital Markets.

"The older demographics represent Blackberry's loyal user base and our study shows that the brand has quite a bit of work to do to attract new users."

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Citation: Wall Street punishes BlackBerry, Facebook (2013, January 31) retrieved 9 April 2024 from <https://phys.org/news/2013-01-wall-street-blackberry-facebook.html>

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