



## Sierra Wireless, Inc. Soars Over 11% in a Day: Should You Jump in?

### Description

**Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)) skyrocketed over 11% in a single trading session, but there doesn't appear to be any news or earnings releases to cause such a move. Sierra Wireless is a small-cap stock, so huge movements are not uncommon, but this particular trading volume surge is probably due to word of an unknown investor adding a huge stake in the company to their portfolio.

Sierra Wireless's fantastic Q1 2017 results were worthy of a sustained rally to higher levels, but such an unexpected surge many weeks after the earnings release is usually not the norm, even for extremely small-cap stocks. I suspect we'll learn more about what caused the surge in the days that follow, but long-term investors should certainly not think too much of it for now.

The Internet of Things (IoT) industry is one of the best places to be if you want growth. Everything is becoming more connected, and companies like Sierra Wireless will be providing high-speed connectivity for everyday items as well as next-generation devices.

SNS Telecom Research predicts that the connected car services market will surge to \$41 billion by 2020. Sierra Wireless has a front-row seat to the market with its promising growth prospects across the board. If you're invested in the company for the long term, then you don't have to worry about slowed growth, because the IoT has a tonne of room to run as everyday items will soon have a "smart" counterpart available.

Sierra Wireless has projects in the automotive sector, and as we head into an age where autonomous cars will be the norm, Sierra Wireless's car connectivity solution will allow cars to transmit data in an efficient and secure fashion. Many analysts believe self-driving cars will be available to consumers in the near future, and I think Sierra is a great way to play the rise of autonomous vehicles.

### Valuation

Sierra Wireless has top-notch growth prospects, but shares trade at a premium right now with a 73.66 price-to-earnings multiple. Although this may seem absurd, I think it's a reasonable valuation when you consider the huge amount of growth that Sierra can offer Canadian investors. High-flying tech stocks are rarely ever cheap because of the long-term earnings-growth potential.

If you're hungry for growth, then Sierra Wireless could be your stock. The stock is going to be volatile, so don't trade it. Own it for the long term, and you'll do very well.

Stay smart. Stay hungry. Stay Foolish.

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1. Investing
2. Tech Stocks

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1. NASDAQ:SWIR (Sierra Wireless)
2. TSX:SW (Sierra Wireless)

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## Date

2025/08/25

## Date Created

2017/06/09

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