



2 Stocks That Soared More Than 15% in August: Are They Still Good Buys Today?

Description

August was a good month for the markets with several stocks doing well, including many on the **TSX**. Two stocks in particular that stood out were **Air Canada** ([TSX:AC](#)) and **Lightspeed POS Inc** ([TSX:LSPD](#)). The Canadian airliner's shares rose by 16%, while the tech company's stock jumped 20%. These stocks have been headed in opposite directions this year, but investors are bullish on them of late. Let's take a closer look at if they're attractive buys right now or whether their recent rallies will prove to be short-lived.

Air Canada's still a big question mark

Although Air Canada's stock is showing progress, that doesn't mean that the business is safe — or that things are anywhere near normal. It's still going to take years for the airline industry to get back to pre-pandemic levels. While investors may be bullish that [travel is up](#), it's still a fraction of what it was before COVID-19.

And the big risk is that the pandemic is still far from over. Until it is, there's a risk of a second wave of infections that could lead to further restrictions and lockdowns. If that happens, it could jeopardize the industry's recovery and make it an even longer road for investors who may be waiting for Air Canada's stock to [double](#).

In the short term, anything can happen to the stock, as 2020's been a very volatile year on the markets. Air Canada stocks' recent rally likely has more to do with the bullishness in the markets of late than it does with any real change in the company's business and it being any safer than it was weeks or months ago.

The airline stock remains a risky investment, especially if you're holding it for the short term and hoping for a quick return. Over the long term, your odds for a good return look better, but they're not risk-free, either.

Is Lightspeed any safer?

Lightspeed stock is up more than 30% through the first eight months of this year. It's been outperforming Air Canada and its 60% decline by a wide margin. And while it's not a risky airline stock, that doesn't mean its own business is on solid footing. With Lightspeed's products and services focused on the retail and restaurant industries, the company's not a whole lot safer than Air Canada. It too, could suffer serious declines in revenue if a second wave of COVID-19 makes things even worse for its customers. A big part of Lightspeed's success is that it's been able to grow at rapid rates.

In its most recent quarterly results, its sales soared 51% and the quarter before that they were up 70%. That growth rate is likely to slow down, especially if the pandemic continues to keep people indoors. While it may be possible to generate strong growth when compared to lower numbers from the prior year, that eventually comes to an end and continuing to generate strong organic growth is no longer easy.

The company's first-quarter revenue of \$36.2 million was actually lower than the \$36.3 million that Lightspeed reported in the fourth quarter. Lightspeed's stock could be in trouble in the quarters ahead as its growth rate could be due for a sharp decline. It's a risky buy, especially over the short term. Investors shouldn't be too confident that its recent rally will last for much longer.

CATEGORY

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2. TSX:LSPD (Lightspeed Commerce)

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