



3 Frothy Stocks I'd Sell Ahead of the Next Stock Market Crash

Description

[What a run](#) it's been for pandemic-resilient tech stocks following the [brutal](#) COVID-19 stock market crash. Many have doubled or tripled on the year. Some, including the likes of **Docebo** ([TSX:DCBO](#)), have quadrupled on the year, enriching those fearless Canadian investors who recognized the e-learning trend early on in this horrific pandemic.

More obvious e-commerce plays, including **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), have also been on a tear. The latter name skyrocketed over 550% from those March depths, a time I was aggressively pounding the table when shares crumbled, losing nearly 75% of their value in a matter of weeks.

Back in the depths of March, the fear was almost palpable. And the thought of going against the grain with a name like Docebo, Shopify, or Lightspeed POS seemed absolutely foolish (note the lower-case f), given the extreme negative momentum and the possibility that we could be headed for a Great Depression-like scenario.

I've been a raging bull on each stock following the coronavirus market crash, but after their historic runs, I think each name has likely overextended to the upside, making them a sell before the next market-wide pullback has a chance to hit. Without further ado, let's look at the hottest plays on this list, in Lightspeed POS and Docebo.

Lightspeed POS

How many stocks can lose 75% of their value, only to nearly double their prior highs in the same year? I've been urging investors to buy Lightspeed POS all the way up, citing profound pandemic tailwinds as primary reasons why I thought the stock was poised to enjoy some considerable multiple expansion. While I still think Lightspeed's best days are ahead of it, I'm a bit worried about the valuation.

Now, I'm not the type of value investor who'd throw any stock with a price-to-sales (P/S) multiple north of 20 in the overvalued basket. Heck, I'd actually noted that Lightspeed was a name that was actually cheap at just north of 20 times compared to many of its rapidly growing cloud commerce peers, most

notably Shopify.

While Lightspeed was no Shopify, I still saw its platform as a lifeline for small- and medium-sized businesses amid the pandemic. Now that the pandemic's end is likely months away, Lightspeed's pandemic tailwinds could begin fading. Such a fading of tailwinds could leave LSPD stock at risk of missing the mark and pulling back viciously. With the markets ripe for a vicious correction, I'm changing my tune on Lightspeed stock here, as I'm no longer a fan of the risk/reward for new entrants into the name.

The stock trades at 31.3 times sales and is a top candidate to do some profit-taking. If you more than doubled your money, at least consider playing with the house's money! That'd only be prudent after a historic run in the stock.

Docebo

Docebo went from largely unknown to a household name during this pandemic. The stock has been among the hottest on the **TSX Index** and is now at highs that would have seemed unfathomable back in March. As a Learning Management System (LMS) play, the stock got unfairly battered during the coronavirus crash. Of all firms, you'd think Docebo would have been a name that would have held its ground, given it was to be a beneficiary of the pandemic-driven work-from-home shift.

Once the pandemic ends, I don't think the work-from-anywhere trend is going anywhere. Docebo will still spread its wings across the niche LMS market for years to come. It has an incredible AI-leveraging platform and an impressive roster of clients that know the value of next-gen remote-training infrastructure.

While I'm still a fan of Docebo's business, the valuation concerns me greatly. The stock has become beyond overvalued at near 30 times sales. As such, I'm downgrading Docebo stock from a buy to a sell. If you're able to play with the house's money, I'd look to do so while you're still up big.

Docebo is looking to hit the NASDAQ exchange sometime soon, but I don't think the move will be material to the stock. Sure, it's tough to give up on such a major winner. But once the next stock market crash hits, I think you'll have a chance to pick up the stock for a fraction of the price.

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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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