



## Should You Buy Lightspeed POS Stock Before Earnings?

### Description

Earnings are on tap for **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) this week. Fourth-quarter fiscal 2021 results are expected on Thursday, May 20, 2021, before the open.

With pandemic tailwinds in full swing, I think Lightspeed could be next in line to blow away consensus expectations. While blowout numbers haven't been enough to move the needle in red-hot tech stocks this earnings season, I do think there's a case for buying a few Lightspeed shares before the big day.

As of Monday, Lightspeed stock is down nearly 32% off its all-time high hit back in February. While the losses could steepen if anything short of a blowout is delivered, I think growth-hungry investors should put Lightspeed stock atop their radars.

The recent growth sell-off has been as vicious as it is unforgiving. Inflation jitters are still at the top of mind going into the summer season. Through the eyes of investors, Lightspeed finds itself between a rock and a hard place following its incredible market-crushing 2020.

The combination of the higher-than-expected consumer prices and a Fed stance pivot could spark a continuation in the growth sell-off. Such a sell-off will probably drag down the entire basket of unprofitable, high-growth stocks down even further into the abyss. In such a scenario, not even the biggest blowout quarter could be able to prevent the damage that could result.

### Tailwinds and headwinds up ahead

Lightspeed could be a major beneficiary of a year-end reopening. Even if Lightspeed posts blowout numbers that surpass the expectations of even the most bullish analyst, I find it tough for the stock to break out of its negative trend if management were to have a cautious tone or if they warned investors of [uncertainty](#) going into year's end.

Many firms, including the great **Shopify**, have erred on the side of caution following their earnings reports. After all, there is a hazy cloud of uncertainty up ahead with the pandemic and the potential for monetary policy to shift in response to the surge in consumer prices that could derail this economic

expansion in its tracks.

Given such an unpredictable environment, I think it's tough to forecast what's up ahead.

As such, investors should be careful going against the grain with a full position Lightspeed POS stock ahead of its quarterly earnings. Although I suspect Lightspeed will post one incredible quarter, the broader souring in high-growth names and the potential for less-certain guidance, I believe, is more likely to propel Lightspeed lower after it clocks in earnings.

## Here's how to play Lightspeed POS stock

For patient investors, I'd recommend buying a partial position before and after earnings. Unlike Shopify, Lightspeed POS stands to benefit from the great reopening, as many of its clients are smaller brick-and-mortar businesses.

If all goes well with the ongoing vaccine rollout, Lightspeed POS stock could [surge](#) into year's end, as the company will prosper alongside its client base. There's a tonne of room to run in e-commerce and payments. I think the best growth days are ahead of Lightspeed.

That said, investors will need to be patient over the near term, because Mr. Market will probably continue punishing high-growth stocks, regardless of how well they're performing. Lightspeed stock remains expensive after its big drop, with a 44 times price-to-sales multiple.

If you've got the stomach and a long-term mindset, though, a steepening of this sell-off could prove to be a massive buying opportunity. Just be patient and be ready to average down, because it's probably going to be a bumpy road post-earnings.

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