



Nuvei (TSX:NVEI) Stock Up 43% in 2 Weeks: Is It Still a Buy?

Description

Nuvei ([TSX:NVEI](#)) stock has surged more than 40% since its second-quarter [earnings](#) on August 10. The earnings week jump is understandable as the company reported robust growth. But this week's 11% jump makes me wonder what's going on behind the trading desks. This sudden jump has nothing to do with the fundamentals. Nuvei is not a stock Redditors will target for [short-selling](#). Hence, I decided to dig deep into the technical indicators to understand the stock price momentum. Here are some of my findings.

Understanding Nuvei's recent stock price jump

Let's begin with what counts as a stock price and trading volume. A price is a negotiation between the buyer and seller. Both parties are convinced with the price, and that leads to an exchange of shares. But this exchange can be for 10 shares or 10,000 shares. The closing stock price shows you the last price at which the stock is traded on that day. And if you look at the candlestick graph, you will also see the highest and the lowest price at which the trade traded during the day.

In the case of Nuvei, the stock price traded in the range of \$153.48 – \$144.17 on August 24. And the trading volume has been around 560,000 to 735,000, which is above its average of 347,000. There are only two reasons I can come up with for this spike in price: either institutional investors are looking to buy Nuvei shares and are luring retail investors to sell their stock by offering a premium price, or some retail investors are willing to buy the stock, but there aren't many sellers. Hence, they keep increasing their bids.

The first option is more likely as there is a gap between the previous day's closing price and the current opening price. This hints that someone is bidding at a premium.

Nuvei is not in a Redditor bubble

Now, who is willing to buy Nuvei stock at such a premium? It is not Redditors because they generally look to pull out some strategy that can generate high returns in a matter of days. Nuvei is a stock with strong fundamentals, and the investors may be unwilling to sell a stock in a high-growth stage. At least, I wouldn't sell a stock that is approaching its seasonal high.

The payment technology platform is seeing significant [revenue growth](#) from the e-commerce and crypto wave. The holiday season combined with the back-to-office season could see tremendous shopping volumes in the fourth quarter. Nuvei will benefit from this seasonal trend. Redditors don't go for such conventional growth stocks. Rather, they flow against the tide to make their risky bets.

Should you buy Nuvei stock at the current price?

As a cautious investor, I recommend a wait and watch approach as it is a seller's market for Nuvei. The stock is already in the overbought category and is rising by leaps and bounds. Even if you try to buy the share now, you may not get the desired price.

But if you look at the fundamental side, the stock is trading at 35.7 times its sales per share. The company's revenue growth accelerated from 32% in the third quarter of 2020 to 114% in the second quarter of 2021. It accelerated its revenue growth organically (e-commerce volumes) and through acquisitions. A 35.7 times price-to-sales (PS) ratio is slightly cheaper for a stock with such revenue growth.

Remember **Lightspeed POS** stock's 2020 rally. The stock continued to surge and make new highs. It didn't come out of the overbought category (Relative Strength Index around 70) because no one wanted to sell the stock. Today, the stock is trading above the PS ratio of 55 times. Nuvei stock is seeing similar growth.

Final thoughts

Nuvei stock has the potential to surge to a PS ratio of 50 times, but buying in a seller's market is like buying a stock at a premium and reducing your upside. Moreover, Nuvei also has to maintain its 100% revenue growth rate to justify its stock price rally. Wait for trading to normalize and sellers to open up before selling Nuvei at a bargain basement price.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. pujatayal

Category

1. Investing
2. Tech Stocks

Date

2025/08/18

Date Created

2021/08/25

Author

pujatayal

default watermark

default watermark