



Is Lightspeed Commerce (TSX:LSPD) Stock a Buy or a Sell?

Description

Lightspeed POS, as you knew and bought the stock during the pandemic, is now **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). The stock, which fired at bazooka speed in the 2020 pandemic (growing 355% from March 2020 low), went into neutral gear in the first half. Until July 15, this [growth stock](#) surged only 17% despite strong returns. Many investors thought that the stock reached its full potential. Hence, they sold it. But good returns come to those who wait.

Understanding the speed and direction of Lightspeed stock

If you purchased Lightspeed stock before October 2020 for \$40-\$50, you would have tripled your money. I have been bullish on the stock since August 2020. I remember writing about the stock's V-shaped [recovery](#) back then. I wrote about how the company helped retailers and restaurants convert lockdown into an opportunity and took orders and payments online. It quickly launched features like curbside pickup, online order, and appointment booking. It became your friendly neighbourhood omnichannel store.

If you understand the way commerce works, Lightspeed is a cyclical stock. By Wikipedia definition, "Commerce is the exchange of goods and services, especially on a large scale." Ask yourself, which time of the year do you think most exchanges of goods and services happen? It is the holidays and festivals.

Lightspeed's omnichannel platform facilitates this exchange through online ordering, payment, delivery, communication with supplier and customer. The transaction volume chings Lightspeed's cash register. When the business gets more cash, investors rush in to buy shares. Hence, we'll likely see Lightspeed stock surge significantly in the second half of the year. Sometimes, there might be a delay in the rally. Instead of July, the rally might come in August or September. If you are gift shopping this holiday season, Lightspeed would benefit from it.

But the seasonal volume eases in the February–June period, the weakest time of the year for Lightspeed. If you want to eat seasonal fruits, you have to plant them before. Hence, I kept reiterating from May to July that Lightspeed is a stock to buy on the dip. If you purchased the share when it fell below \$75, your money has more than doubled now.

How to profit from seasonal stocks

To profit from Lightspeed, plan a phased buying approach. The key to profit is not to buy the right stock but to buy it at the right price. Never buy Lightspeed stock in the second half holiday season rally. Have patience and wait for the correction in the seasonal weakness. Moreover, Lightspeed stock is trading at a 75 times price-to-sales ratio, which is high even for a growth stock.

I am expecting a big acquisition as the tech company [raised](#) US\$823.5 million in gross proceeds in August. The company has been making three acquisitions a year for the last two years. This year, it acquired NuOrder, Ecwid, and Vend. But more acquisitions could be on the way as Lightspeed accelerates growth. That could bring a temporary surge, but it won't stop the stock from correcting.

Is Lightspeed a buy or sell?

If you already have Lightspeed stock, hold it for the next five to seven years. You can buy some extra shares in the February-June period when short-term traders book profit and then keep holding. If you want to sell some stocks, December highs is a good time to sell.

Don't just let Lightspeed benefit from your holiday shopping. You can also benefit by booking profits in some shares. But don't sell them all or you will lose the low-cost advantage.

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