



Why Facedrive (TSXV:FD) Stock Is Surging Over 60%!

Description

Ride-sharing startup **Facedrive** (TSXV:FD) is staging an epic rebound this morning. Facedrive stock is up 60% at the time of writing, and there's no saying how far this could go by afternoon. That would have been impressive under regular circumstances but is even more so on a day where China's Evergrande is crashing the global stock markets.

So, what's going on? Facedrive hasn't made any major announcements, and there's no news about corporate actions. There are two possible reasons to explain this rally.

What happened?

Facedrive's stock action this morning is less of a rally and more of a rebound. It's important to put this move in context. The stock is down roughly 93% from its all-time high earlier this year. Investors have collectively lost hundreds of millions on this investment.

Now, the company's total market capitalization is just \$390 million. Note, it was 60% lower this morning. Meanwhile, average volume for the stock has declined to 512,000 shares over the past three months. Low volume and market cap make the stock more volatile. A few investors with deep pockets can move the stock in breathtaking ways.

That's what seems to be happening today. Volumes have surged, which has pushed the stock from \$2.5 to \$4 in a matter of hours this morning.

So what?

Despite low volume and small market caps, most stocks never surge 60% in a day. However, Facedrive stock is capable of this move simply because it's a [potential meme stock](#). The company's key themes of clean energy and ride sharing have been hot topics on Reddit forums this year. It also attracted plenty of short-sellers, which further stocked interest in a potential short squeeze.

Like other meme stocks, Facedrive's volatility isn't unjustified. The company's co-founder Imran Khan stepped down from his role, sold his stake, and has even said that the

[company plans to file for bankruptcy](#) soon. That means today's rally is likely to be a Reddit-driven short squeeze similar to **GameStop** and **AMC**.

However, the chances of success here are unknown. Facedrive stock may be too niche to attract enough volume from retail investors and Redditors to save itself. It could be far riskier than most tech stocks and short-squeeze targets this year. This is why investors should probably avoid this stock.

Now what?

Facedrive stock is up 60% this morning. The company still attracts plenty of retail trader attention, which makes it a potential meme stock. Meanwhile, lower volume and market value have made it an easier target for a short squeeze. That could be the reason why the stock is up today.

If you're a day trader who managed to time this spike perfectly, congratulations! You've probably outperformed the rest of the market in a single day. But this may be the perfect time to take some profits. Facedrive's fundamental weakness makes it look like a falling knife rather than a long-term opportunity. Be cautious.

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