



Why Facedrive (TSXV:FD) Stock Is up 350% in 5 Days

Description

Facedrive (TSXV:FD) stock has been on a wild ride this week. It's up over 300% in roughly five days. That's the sort of move that's difficult to ignore. So, what's going on? Here's a look at what's driving (pun intended) this stock higher and what it means for investors.

What happened?

On Wednesday, September 15, Facedrive stock was trading at \$0.88 per share. Today, the stock is up to \$4.10. It [rallied 60% yesterday](#) alone!

The rally could be considered a speculative rebound. In other words, speculators are betting the stock is simply too oversold. After all, it has lost 94% of its value since February. The shift in market sentiment for tech stocks and small-cap opportunities may have impacted Facedrive's fortunes. Some traders could be betting that the pendulum has swung too far.

Another reason the stock could be experiencing such volatility is its relatively lower volume. Trading activity on Facedrive stock has declined in recent months, as investors abandoned it en masse. The stock price dropped below \$1, which made it an ideal target for a squeeze upward. On September 16, trading volume surged to 5.4 million — 15 times higher than its three-month daily average.

So what?

Facedrive recent rebound could renew the interest of traders and speculators. Investors already know that the company is teetering on the edge. In fact, former co-founder Imran Khan has already hinted that bankruptcy could be on the cards.

A cheap stock on the verge of bankruptcy could be an ideal target for Reddit investors seeking another [short squeeze](#).

Now what?

At the time of writing, Facedrive is up another 15%. The rebound seems to have some momentum.

This level of volatility and double-digit daily moves could make Facedrive a target for day traders. If you're comfortable with day trading strategies and quick momentum trades, this could be worth considering.

However, Facedrive isn't an investment opportunity for regular investors. The company is fundamentally weak with paltry revenues, no profits, and ongoing governance issues. Over the long term, the risks are simply too high. This is why long-term investors should probably avoid this stock.

Bottom line

2021 has been an interesting year for traders and speculators. Market dynamics have rarely been this elevated and volatile. Big swings in stock price benefit experienced traders looking to make a quick buck.

Facedrive stock currently seems to fit the bill. The stock has surged a whopping 350% in just five days. It's a rebound from historic lows, as trading volume surges. However, the company remains fundamentally weak, and no one can predict how long this rebound will last.

This could be a chance to pull off a quick trade based on short-term momentum. However, if you're a long-term investor, it's probably best to stay away.

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