



Why Lightspeed Stock Surged 5% Wednesday

Description

What happened?

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock surged by more than 5% today. With this, LSPD stock reached above \$165 per share this morning to trade with solid 85% year-to-date gains. By comparison, the key Canadian market benchmark **TSX Composite Index** has risen by only 17.2% this year so far.

So what?

Lightspeed is a Montréal-based enterprise software firm. It primarily focuses on providing omnichannel commerce-enabling software solutions to businesses.

LSPD has been one of the top-performing Canadian [tech stocks](#) this year. A couple of days ago, analysts at **CIBC** raised their price target on LSPD stock to \$195 per share from \$155 earlier. CIBC's updated price target reflected nearly 25% upside potential from its then-market price of around \$155 per share.

Despite this recent upgrade, Lightspeed shares fell by nearly 2.2% on Monday and remained mixed yesterday. The broader market selloff — triggered by China's [Evergrande debt crisis](#) — mainly pressurized all Canadian tech stocks, including Lightspeed. Nonetheless, the stock jumped up sharply today after investors' fears about a potential collapse of Evergrande are seemingly subsiding.

Now what?

Lightspeed stock has consistently been trading on a positive note for the last six months in a row. Despite the COVID-19-related challenges, the company posted a solid 84% jump in its 2020 sales, while its adjusted gross profit rose by more than 64% from a year ago. This strong financial growth drove LSPD stock up by 149% last year.

Its growth trend accelerated further, as reopening economies boosted the demand for its e-commerce solutions — especially from small- and medium-sized businesses. That's one of the reasons why in the June quarter, Lightspeed's revenue growth [accelerated](#) to a massive 220% year over year, as its gross transaction volume surged by 203%.

I expect the demand for Lightspeed's software solutions to accelerate further, as more businesses than ever are trying to build or improve their online presence in the post-pandemic world. Given this solid demand, consistently improving financials, and solid long-term fundamentals, Lightspeed stock could still be a great buy for long-term investors who want to buy some high-growth Canadian stocks.

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