Facedrive Stock: Should You Buy Amid Extreme Volatility?

Description

Facedrive (TSXV:FD) stock has been at the top of headlines once again, with the ridiculously volatile Canadian stock skyrocketing over 337% in just a few trading sessions, right before the punch bowl was taken away by Mr. Market, sending shares imploding over 36% on Wednesday.

Undoubtedly, penny stocks, especially those in the innovative tech sector, can be attractive to speculators looking to make a quick buck off renewed momentum. Unless you're willing to lose a majority of your wealth over a span of days or even hours, I'd not look to get into FD stock at $2 and change or any price for that matter.

Indeed, the stakes are way too high, and the firm's epic fall from grace could continue en route to the sub-$1 levels without a moment's notice.

Shares of the name have shed over 95% of their value from their early 2021 peak levels, just north of $54 per share. It's been quite the fall, with Facedrive shares surrendering a vast majority of the impressive multi-bagger gains posted in the year prior.

In a prior piece, I urged investors to pass on Facedrive. Many fellow Fools were skeptical over the ride-hailing firm's ability to compete in a market dominated by the incumbents. Such incumbents like Uber and Lyft possessed massive networks that looked to be major components to each firm's moat. Although Facedrive was a "greener" way to hail a ride, it didn't take long for Uber to tout its "Uber Green" low-emission ride option for just a small premium over that of its regular rides.

Facedrive stock takes a backseat

"I don't want to see you being caught on the wrong side of the trade, especially since Facedrive's valuation is a difficult pill for value-conscious growth investors to swallow," I warned in a prior piece.

"At the time of writing, FD stock trades at 230 times book and thousands of times its sales, making the stock one of the priciest you're likely to come across these days."

Today, Facedrive stock trades at a fraction of where it was when I warned investors not to chase the name as its incredible rally looked to run out of steam. Shares trade at just north of 27 times sales. While that's not nearly as expensive as it was, it's still not a bargain in my books.

As volatility continues over the coming weeks, FD stock is likely to be a trader's playground. And unless you're a seasoned trader looking to gamble on what could be a coin toss, I wouldn't advise attempting to time the name, as its volatility goes off the charts.

There are many other Canadian growth stocks out there that look to have a far better reward after recent September volatility. As such, I find few reasons to jump straight into the deep end with a name like FD, which will surely continue to dominate the headlines, drawing the attention of those seeking opportunities to make astronomical profits over a very short time span.

The bottom line on FD stock

Foolish long-term investors should probably steer clear of Facedrive stock as double- and triple-digit percentage moves look to be the norm heading into autumn. There are far easier and less painful ways to make money in this market right now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSXV:STER (Facedrive Inc.)

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. joefrenette

Category

1. Investing

Date
2025/09/29

Date Created
2021/09/23
Author
joefrenette