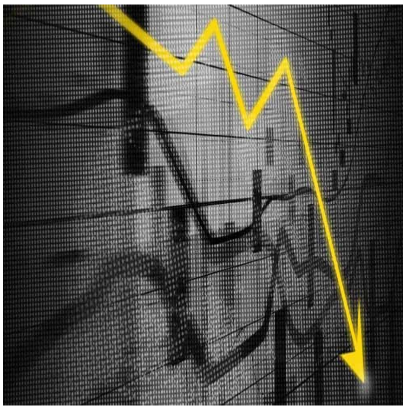

Why Facedrive (TSXV:FD) Stock Dropped 72% in September

Description

Facedrive (TSXV:FD) stock has been in overdrive throughout this past month. Investor anxiety may have reached peak levels, as the stock had several double-digit dips and surges in recent days.

If you're a Facedrive investor or a curious bystander wondering what's going on, here's what you need to know.

What happened?

Facedrive stock lost a jaw-dropping 72% of its value in just the month of September alone. That adds yet another month of losses to what has been an unprecedented losing streak in 2021. The stock is down 97.7% since its all-time high in February.

However, that decline has been anything but smooth. Along the way, Facedrive stock surged by incredible numbers. The stock was up 60% in a single day in September and even tripled in a week.

Some theorized that the surges were "dead-cat bounces," while others believed the company was regaining its reputation as a meme stock. The fact that Facedrive stock is lower now than it was at the start of the month seems to prove the former theory.

So what?

Whether it's a meme stock or a nearly failed tech startup isn't the point. The point is that Facedrive was a trader's dream come true. Double-digit daily moves and triple-digit weekly moves are precisely the sort of volatility that traders make their money on.

A well-timed put option or a perfectly executed call option would have delivered stunning returns for a savvy trader. However, such gains are rare and not for everyone. Even seasoned traders struggle to predict the moves of an individual stock — especially one that has seen so much of its market value and trading volume evaporate this year.

What now?

For now, Facedrive seems on course to keep declining. Former co-founder Imran Khan hinted that the team was exploring bankruptcy. That could mean that the tech-driven hyper-growth story Facedrive promised initially is now over.

However, there are plenty of excellent options for growth-hungry investors in Canada's tech sector. **WELL Health Technologies** (TSX:WELL), for instance, has delivered stunning returns over the past five years with far less volatility.

The company is now on track to generate $400 million in annual recovering revenue, while its market capitalization is just $1.45 billion. In other words, WELL Health stock is trading at a price-to-sales ratio of 3.6 and could be an ideal target for growth investors.

Bottom line

Facedrive stock reflects the dramatic shift in the company's outlook this year. The stock reached an all-time high within the first few months of 2021. Investors were convinced this was the next big Canadian tech superstar. Alas, the company's outlook has significantly deteriorated since then. Facedrive stock is now down 97% from its all-time high and could head lower in the months ahead.

That's because the company's former manager and co-founder said the team was exploring bankruptcy. Revenue growth has been disappointing.

However, Facedrive stock has been relentless volatile in September. Although the price dropped 72% this month, it has several double-digit days and triple-digit weeks. That's what made it an ideal target for day traders. Long-term investors, however, should still avoid this stock.

CATEGORY

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Date
2025/09/09
Date Created
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Author
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