



Why Lightspeed (TSX:LSPD) Stock Fell 5% Last Week

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) continued its roller-coaster ride for investors last week. And most are likely getting so nauseated that they want to get off the ride. Shares fell 5% last week, only to begin rebounding on Monday morning. So, what's going on with Lightspeed stock?

What happened?

First, let's look at the climb of Lightspeed stock last week. Shares of the company moved higher after management announced it would rollout "[Lightspeed Restaurant](#)" in North America. This comes after success in Europe during the summer.

The hospitality and point-of-sale platform "brings together an innovative POS, contactless integrated payments, online ordering, advanced inventory, and analytics to create a powerful hospitality platform for running a smarter, more efficient restaurant." As digital adoption became a means of survival during the pandemic, it seems Lightspeed stock piggy-backed on this method.

But then, after reaching share prices not seen in weeks, there was an immediate drop off on Friday. This came after Lightspeed stock announced the expansion of Lightspeed Capital — an extension of Lightspeed payments. It would expand thanks to the acquisition of NuORDER. This would give merchants access to funds faster.

However, this means the company does not have access to loans. While it's great for small businesses, it's not as great for those hoping Lightspeed stock will soon expand to enterprise level business.

So what?

Then there are the short-seller accusations to continue to consider. Lightspeed stock simply hasn't been able to rebound completely after the short-seller report came out. And with earnings due next week, investors will be paying very close attention to the type of metrics used.

What it will come down to is whether investors feel they can trust Lightspeed stock in the first place anymore. There could very well be a huge drop in share price if earnings simply show the same old metrics without further explanation.

Now what?

All that being said, the 5% share drop had other investors seeing the pullback as an opportunity. Lightspeed stock shot up about 2.5% on Monday morning. It now trades at \$121.42 at writing, up from about \$118.50 where it ended on Friday.

So, what should Lightspeed stock [investors do](#)? It's still a volatile time for this [tech stock](#), so I would sit on the sidelines if you want to buy up the company in the future. While it *could* become a major e-commerce player, I think the key to future growth will be spelled out in its earnings report. And if not? It could be a red flag that the company does have a few skeletons in its closet.

For now, I would consider the stock a hold. And that's where analysts lie as well. No one has really changed their position, and I believe that comes down to the expected earnings report. While the short-seller report remains unsubstantiated, Lightspeed still has a long way to go to win back investor trust.

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