



2 Popular TSX Stocks That Might Be Duds

Description

At writing, the **S&P/TSX Composite Index** is up by 22.40% year to date, and several popular stocks are soaring to new heights, driving the Canadian benchmark index higher. When you think of some of the top stocks on the TSX in terms of offering plenty of upside potential to shareholders, the likes of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Air Canada** ([TSX:AC](#)) are two of the many names that might come to mind.

However, these once high-flying stocks are exhibiting a weak performance on the stock market these days. Lightspeed Commerce stock presents long-term upside potential due to the growing popularity of the innovative solutions it offers, and Air Canada is the flag-carrying airline that has historically remained at the top of the Canadian airline industry.

Yet both TSX stocks are presently on a downward trajectory. Today, I will discuss both these companies to help you determine whether the high-flying stocks have had their wings clipped for good or if they are [undervalued stocks](#) that could be good buys on the dip.

Lightspeed Commerce

At writing, Lightspeed Commerce stock is trading for \$67.67 per share, down by over 57% from its September 22nd high and by 45% since November 3 alone. Despite the company posting significant revenue growth, the poor earnings report earlier this month has been a major factor in its most recent decline. The company's subscription revenue increased by 132%, and its total revenues were by 193% year over year.

However, its net loss increased more than twice from \$19.5 million to \$59.1 million. Supply chain issues for the company's tech and merchant side impacted investor sentiment, leading to the selloff that continues at writing. There was a correction on the way, but such a significant crash was not something analysts anticipated.

Despite the near-term challenges, the company's acquisition deals present it with substantial long-term upside potential, making it a [potential millionaire maker](#) for investors who are bullish on the tech sector

giant.

Air Canada

At writing, Air Canada stock is trading for \$23.11 per share, and it is down by 54.60% from its pre-pandemic highs but up by over 4% year to date. The airline practically pleaded for the government bailout package through the worst period of the pandemic and finally received over \$5.37 billion in government aid. However, November 19 saw the airline backing out of the deal.

After using \$1.2 billion from government aid to provide the necessary refunds under the agreement, Air Canada will return the remaining \$3.975 billion. The company's management did not find the government's 6% stake in the airline ideal. Despite ongoing challenges with the pandemic, the improving situation has allowed the airline to find its own financing instead of relying on the government.

Air Canada stock recently reported a loss of \$640 million during the last quarter, but its seat capacity rose by almost 90% year over year. Things meaningfully appear to be looking up for the airline stock.

Foolish takeaway

You might be wondering, "Now what? Should I invest in these two stocks or avoid them?"

Lightspeed Commerce stock is undoubtedly volatile right now, and its downward trajectory might continue due to the challenges that the company faces in the near term. Air Canada stock is not as exciting a stock to consider because it cannot shoot up overnight.

However, both companies present [substantial long-term upside](#) for investors who are willing to bear short-term difficulties that lie ahead for them. If you have the patience to purchase either of the two stocks and sit on your investment for a while, right now could be a good time to pick up shares of these TSX stocks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:AC (Air Canada)
3. TSX:LSPD (Lightspeed Commerce)

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