



Why Nuvei Stock Price Is Recovering After Tanking by 55% Today

Description

What happened?

After witnessing a [big crash of more than 55%](#) this morning, Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock seems to be on a path to recovery from its day lows. At 12:30 pm ET, NVEI stock price was at \$76.28 per share — up nearly 40% from the session's lowest level but still down 38% from its previous day's closing level.

So what?

In my earlier post this morning, I'd explained how a New York-based short-seller, Spruce Point lashed out at Nuvei in its latest report — also making some serious allegations on its management. The report badly hurt investors' sentiments, which drove a massive selloff in NVEI stock.

In such a scenario, we usually expect the targeted company to respond to allegations made against it. However, in Nuvei's case, something unexpected happened. While Nuvei is yet to respond to Spruce Point's allegations, another U.S.-based short-seller, Andrew Left's firm Citron Research, apparently came to rescue Nuvei stock.

In a tweet, Citron [said](#) that "who cares if CEO did not graduate college or has a driving record," while countering Spruce Point's claims about Nuvei CEO Phil Fayer's educational credentials and career history. Citron added that it's buying NVEI stock, calling it "way oversold." These positive words — especially from a short-seller's mouth — meant a lot to Nuvei investors, as they seemingly stopped investors from panic selling the stock this afternoon and led a recovery.

Now what?

So, today's big crash in Nuvei stock price has now turned into a short-seller versus a short-seller battle. I agree with Citron's argument that most investors might not be concerned about Nuvei CEO's

educational credentials and other background details. However, this was not the only allegation that Spruce Point's short report made on Nuvei today. And Nuvei is yet to respond to many other serious allegations made in the report — especially about its financial trends.

Having said that, Spruce Point's short report suggested a "40-60% downside risk" in NVEI stock. And the stock already plunged by more than 55% earlier today. Which might make many investors want to buy it now. Nonetheless, I would still recommend conservative investors to think twice before doing so — at least for a few days — until the extreme volatility in Nuvei stock settles down.

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Date

2025/07/07

Date Created

2021/12/08

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