Why Lightspeed Commerce Stock Fell 7% Last Week

Description

What happened?

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) stock continues to be one of the worst beaten-down Canadian stocks in December. Last week, it fell by 7%, marking its seventh consecutive week of losses. During this seven-week period, LSPD stock has seen nearly 57% value erosion against only a minor 1% drop in the **TSX Composite Index**.

So what?

Last week, Lightspeed announced its multi-year partnership with Golf Canada. This agreement would allow "both participating golf courses and golfers to share certified Golf Canada handicap data across" Lightspeed's platforms. Apart from this news, there was no other major company-specific update last week. But still, its stock continued to slide.

LSPD stock's recent losing streak started on September 29 when Spruce Point Capital Management released a short report, making several allegations on the company as well as on its management. The report claimed that Lightspeed is "engaged in a pattern of materially inflating the size, quality, and growth prospects of its business" while issuing a "strong sell" rating on its stock.

Lightspeed, in its defence, said that the short report "contains numerous important inaccuracies and mischaracterizations" — terming it "misleading." However, these comments clearly proved to be of little help for investors, as its stock continues to tumble even months after the report's release.

Now what?

Lightspeed stock has been one of the most popular tech stocks on the TSX since its listing on the exchange in the first half of 2019. Its strong fundamentals, robust sales growth trends, and outstanding growth outlook for the e-commerce industry helped it gain this popularity.

After posting its record high near $165.87 on September 22, LSPD stock now trades at $52.06 per share — down about 69% from its all-time high. While most Street analysts are optimistic about the company's future growth potential, investors still remain very cautious in order to avoid its extreme volatility. That's one of the reasons why the stock is unable to recover.

In my opinion, long-term investors should consider the recent drop an opportunity to buy this amazing Canadian stock cheap, as its consistently expanding business and strengthening fundamentals could start its recovery in the coming months.

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