



Why Nuvei Stock Plunged 7% Last Week

Description

The shares of **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) are continuing to plunge. The stock lost another 7% last week after witnessing 34% value erosion in the previous week. While NVEI stock staged a sharp recovery of about 11% on Friday, these gains couldn't help it end the week in the green territory. By comparison, the **TSX Composite Index** largely traded on a mixed note as it fell by 0.7% last week.

Nuvei stock price continues to fall

Until a couple of weeks ago, Nuvei was among the top-performing tech stocks on the TSX Composite benchmark. At the end of November 2021, its stock was trading with solid 62% year-to-date gains. However, it erased all its gains on December 8 after a New York-based short-seller, Spruce Point Capital Management, hit out at the company with its severely critical report.

The short report [claimed that Nuvei has been covering up](#) “a pattern of business failures,” and that it has “a web of relationships with individuals connected to major Ponzi schemes.” In addition, the report also questioned its top leadership’s career history and educational credentials. This was the primary reason why NVEI stock tanked by more than 55% in intraday trading on December 8. While it showcased a recovery later during the session, it still ended the day with massive over 40% losses.

Nuvei’s latest response to the short report

In its latest response, Nuvei on December 14 [informed](#) investors that its board of directors found the short report’s claims “misleading, false or unrelated to Nuvei’s business” after a review. The board added that it’s “confident that Nuvei’s financial and other disclosures are accurate in all material respects.”

The company’s lead independent director Michael Hanley stated that “the report is nothing more than a self-serving attempt to inflict damage on the company’s business and its leadership and generate a profit at the expense of Nuvei’s stakeholders.”

However, these comments seemingly failed to boost investors' confidence, as NVEI stock continued to fall sharply in the first four days of the week.

Is NVEI stock worth buying now?

The Montréal-based Canadian tech firm currently has a market cap of slightly over \$10 billion. Despite witnessing a recovery on Friday, Nuvei stock is still trading around its lowest level since March 2021. As [I've noted in the past](#), that the recent short-seller report's vague allegations without any concrete evidence don't make Nuvei a bad company to invest in for the long term. That's why long-term investors who are looking to buy a fundamentally strong, fast-growing [tech stock](#) could definitely consider buying NVEI stock even today. It could yield outstanding returns in the long run if you ignore short-term market noise.

And it's not just me who's positive about Nuvei's future growth potential. Currently, 12 out of the total 14 Street analysts covering its stock are also recommending a buy on it with huge upside potential. That said, investors with low-risk appetites still must remain cautious at the moment due to the ongoing extreme volatility in its stock.

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2. Tech Stocks

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