



Why Nuvei Stock Rose 16% Last Week

Description

The shares of **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) finally turned positive last week, ending its eight-week-long losing streak in which it lost nearly 56% of its value. The stock outperformed the broader market by a wide margin to end the week at \$81.87 per share with 16.1% gains. During the week, the **TSX Composite Index** rose by just 0.1%. In this article, we'll look at some key factors that are helping Nuvei stock rise lately and find out whether it could sustain these gains.

Short-seller report hit Nuvei stock

On December 8, a New York-based short-seller — Spruce Point — severely criticized Nuvei and its management in its latest report. The short-seller [claimed](#) that NVEI stock has “40-60% downside risk.” The report led to a big panic selling in the stock, as it [fell by more than 40%](#) in a single day.

Despite the company management's multiple efforts to regain investors' confidence by rejecting the claims made in the short report, Nuvei stock couldn't regain strength until last week. It's important to note that the stock is still down 33% from where it was trading before the release of Spruce Point's report.

Latest developments

While Nuvei stock continues to be affected by the short report, the company has seen several positive developments in the last month. For example, Nuvei on December 14 [announced](#) its partnership with the Bahamas-based global cryptocurrency exchange FTX Trading. The company highlighted in a press release that this collaboration would allow “FTX to provide its users instant payment solutions for an enhanced customer journey and experience” using Nuvei's payment solutions.

Despite several such positive developments, a tech sector-wide correction along with the short-seller's criticism kept NVEI stock under pressure for weeks. However, when most tech stocks staged a sharp recovery last week, Nuvei became one of the top gainer Canadian tech stocks, as its overall fundamental outlook remains strong.

Could Nuvei stock sustain these gains?

It's really difficult for anyone to accurately predict whether Nuvei stock could keep on rising in the near term. However, its consistently improving fundamentals and growth prospects should help it deliver outstanding returns in the long term. To give you a little idea about its fundamental trends, its revenue nearly doubled from a year ago to US\$184 billion in the September quarter. Consistently rising demand for its payment services also helped Nuvei post a solid 147% year-over-year increase in its adjusted earnings to US\$0.42 per share during the quarter.

Moreover, fast-rising e-commerce demand is likely to give another push to Nuvei's innovative payment services in the coming years. Although Nuvei's earnings might not continue to double each year, its earnings-growth rate is still expected to remain in the strong double digits for the next few years at least. Given these high expectations, the recent declines have made its stock look cheap. These are some of the primary reasons why I find NVEI stock worth buying — especially for long-term investors who're looking for an opportunity to buy some cheap tech stocks.

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