Why Lightspeed Commerce Stock Hit 52-Week Lows Last Week

Description

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) hit 52-week lows last week, and this week isn't shaping up to be much better. The e-commerce company currently trades at $43.50 per share, down 11% in the last week alone.

That puts Lightspeed at 52-week lows — a share price the company hasn't seen since October 2020. Motley Fool investors should be asking themselves whether this is the start of the end for Lightspeed or an opportunity not to be missed.

Analysts weigh in

Instead of looking at the market and reacting with fear, the first thing Motley Fool investors should do is look at what analysts are saying. These are the experts who have been following Lightspeed on its dramatic journey since the very beginning.

And what most analysts say is the reaction in the market is *way* out of hand. There are a number of factors combining to create the situation Lightspeed is in now. But overall, analysts believe the stock is a buy. Furthermore, that it has a consensus price target of $120! That is *triple* today's share price.

However, there have been some analysts weighing in lately. Last week, two analysts lowered their target price ratings for Lightspeed. That being said, those analysts still gave is a price that is about double where it is today. So, what should Motley Fool investors do with this information?

Why the drop?

Let’s first look at what caused this drop in the first place to understand where it is today. As I said,there are numerous factors, but the major one was last September when short-seller Spruce PointCapital Management came on the scene. The company released a report stating that Lightspeed’smetrics were “smoke and mirrors.” Further, it said that Lightspeed’s acquisitions were not performingas well as management claims.

Lightspeed was quick to dismiss the claims, but investors were quicker to sell. Shares dropped 30% in a day and have been falling pretty much ever since. On top of that, the company’s next earnings report wasn’t too great either. While revenue still skyrocketed, the company worried that supply-chain demands would affect it and its merchants. This led to another selloff, one that analysts thought was way overblown.

Since then, the pandemic continuing to wage war on the world has left many ditching tech stocks in general. In fact, many “riskier” stocks have been dumped, and, of course, that includes Lightspeed. So, really, the current share price is situational.

When will it recover?

That’s the key question, but it’s one to which analysts have an answer. A few stated recently that in the next few quarters, as supply-chain demands lessen and we get a feel for inflation, Lightspeed should recover as well. There hasn’t been any news to allow for such a drop. Instead, the current share price is reliant on the winds of the market.

So, right now, I would see this drop as an opportunity, but it’s not for the faint-hearted. It might be a good time to get in before this stock soars back to triple-digit levels, but that could take a few months, at least. As always, it’s ideal to get in on stocks that you plan to hold for years, not weeks or even months. While it can be hard for your stomach short term, it’ll be great for you portfolio in the long run.

Shares of Lightspeed are down 52% in the last year and 74% from all-time highs, currently trading at $43.50.

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