



Why Lightspeed Stock Dived 11% Today

Description

What happened?

The shares of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) fell by more than 10% Monday compared to 2.6% losses in the **TSX Composite** benchmark. At the time of writing, LSPD stock was trading at \$33.30 per share to start the week on a bearish note. After today's massive losses, its stock was down by more than 33% year to date against 5% value erosion in the main market index.

So what?

Lightspeed is a Montréal-based omnichannel commerce firm with its focus on providing software solutions to medium-sized businesses — mostly retailers and restaurants. The company currently has a market cap of about \$5.6 billion.

If you've been following the stock market lately, you might already be aware of the ongoing correction — especially in some [high-growth tech stocks](#). And Lightspeed has definitely been one of the most beaten-down tech stocks on the TSX — apart from other popular [tech stocks like Shopify](#), **Docebo**, and **Nuvei**.

Later this week, the U.S. Federal Reserve and Bank of Canada will announce their monetary policy decisions. Amid speculations about the central banks' moves, investors seem to be turning away from risky bets. This is what has intensified the [tech sector](#) selloff in the last few days, pressurizing LSPD stock as well.

Lightspeed stock, in particular, has remained extremely volatile in the last three months after a New York-based short-seller severely [criticized](#) the company and termed its valuation inflated. The short report led to a big selloff in LSPD stock in the fourth quarter last year, as it saw 58% value erosion.

Now what?

Many market experts have raised concerns over many tech stocks' lofty valuations in the last year while warning investors of a potential crash. While this crash might look horrifying to many at first, such downside corrections tend to open new opportunities for long-term investors to buy some fundamentally strong stocks cheap.

For example, Lightspeed has continued to deliver strong sales growth in recent quarters. Its total revenue has doubled in the last three quarters combined on a year-over-year basis. With the growing demand for e-commerce services, the company could continue to post solid growth in the coming years. That's why you may wait to add stocks like LSPD at a bargain after the tech meltdown is over.

CATEGORY

1. Investing
2. Tech Stocks

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