



Why Did Nuvei Stock Drop up to 11% on Monday?

Description

Montreal-based **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) was founded in 2003 and had its initial public offering (IPO) on the **TSX** in September 2020 followed by its IPO in the U.S. in October 2021. Its U.S. IPO was particularly successful, raising gross proceeds of US\$369.4 million at a stock price of US\$123.14, which is a double from current levels.

What happened?

Nuvei stock dropped as much as 10.8% yesterday but finished the day marginally lower by 0.2%, which was essentially flat. As interest rates are expected to rise, many [growth stocks](#) have taken a beating, as capital leaves the riskier stock market to lower-risk assets like cash. Specifically, Nuvei stock has declined approximately 53% in the last three months. To be fair, the growth stock was trading at a much higher valuation before. So, a part of the correction is valuation contraction, as the market re-rates the valuation of growth stocks.

So what?

Michael Hakes, the senior portfolio manager at the Murray Wealth Group, mentioned last month on *BNN* that Nuvei generates good free cash flow. Indeed, the tech stock's trailing 12-month free cash flow generation was US\$223 million, which was helped by low capital spending.

The company provides payment technology solutions to connect merchants with customers in more than 200 markets around the world. It supports more than 500 local and alternative payment methods, about 150 currencies and 40 cryptocurrencies, allowing merchants to capture every payment opportunity that comes their way. Digital payments should continue to rise around the world in volume, which should benefit Nuvei in the long run.

Now what?

13 analysts have a 12-month average price target that implies the potential for investors to double their

money from the recent quotation of \$74.85. However, don't expect Nuvei stock to roar back immediately. Instead, the market can be choppy in the near term, as rising rates can lead to lower spending across the board, which could slow down Nuvei's near-term growth. Interested investors should consider averaging into the [tech stock](#).

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:NVEI (Nuvei Corporation)

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