



Why Lightspeed Stock Has Jumped 37% in 3 Days

Description

What happened?

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock rose by 15.8% on Thursday to settle at \$34.94 per share amid the broader market rally, marking its third consecutive day of solid gains. During these three days, [LSPD stock](#) has seen more than 37% gains against a 2.8% increase in the **TSX Composite Index**. Despite these gains, Lightspeed stock is still trading with nearly 32% year-to-date losses though.

So what?

Lightspeed Commerce is a Montréal-based omnichannel commerce software company with a market cap of about \$2.5 billion. Prior to March, its stock price has consistently been falling since September 2021, witnessing nearly 76% value erosion between September 2021 and February 2022. This massive selloff in LSPD stock started after a U.S.-based short-seller, Spruce Point Capital Management, made several allegations on the Canadian tech company, suggesting a “strong sell” research opinion in a report [released](#) on September 29.

While the short report didn’t change Street analysts’ opinion about Lightspeed’s growth outlook, it certainly triggered a massive selloff in LSPD stock. As a result, Lightspeed’s loyal investors witnessed big losses. In contrast, Spruce Point was set to gain from the selloff, as it had a short position in Lightspeed stock when it released the report.

I expected the short report-triggered selloff in Lightspeed stock to not last for long, as its fundamental outlook and sales growth trends remained strong. But a tech sector-wide crash pressured its stock further in the coming months. Nonetheless, most tech stocks started rallying earlier this week, as investors reacted to the U.S. Fed's monetary policy move to fight inflation. A handful of companies, including Lightspeed, have led this tech sector-wide recovery in the last three days, as they looked way too undervalued.

Now what?

As I mentioned above, despite a massive 37% jump in Lightspeed stock over the last three sessions, it's still down by more than 30% on a year-to-date basis. While the ongoing Ukraine crisis could keep its stock price volatile in the near term, I expect LSPD stock to gradually continue recovering in the coming months, given its strong sales growth outlook. That's why long-term investors still have an opportunity to buy this amazing Canadian growth stock at a bargain.

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1. Investing
2. Tech Stocks

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