



Why Lightspeed Commerce Stock Popped 36% Last Week

Description

What happened?

The shares of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) have seen a massive recovery in the last week, as they have risen by nearly 44% in the last four sessions from \$25.45 to \$36.59 per share. Last week, LSPD stock inched up by 36.2% against a minor 1.7% increase in the **TSX Composite Index**.

So what?

Last week, multiple factors, like investors' reaction to the U.S. Federal Reserve's latest monetary policy move, high hopes from the ongoing Russia-Ukraine talks, and easing commodity prices boosted investors' confidence, drove a sharp recovery in tech shares, including LSPD stock. After last week's sharp gains, March has become the first month that Lightspeed stock is trading in the positive territory after diving for the previous six months in a row.

A sharp selloff in LSPD started in September 2021 when a short-seller from New York severely [criticized](#) the Canadian tech company and its report. The short-seller alleged that Lightspeed massively inflated its business pre-IPO to argue that its organic growth was, in fact, slowing through IPO. The short report caused a panic selloff, as it highlighted 60-80% downside potential in LSPD stock, calling it overvalued.

The selloff in this already beaten-down stock accelerated further in the coming months as rising inflation sparked investors' fears of aggressive monetary policy tightening. In late February, the Russian invasion of Ukraine started, which further hurt tech investors' sentiments, driving most highflying tech stocks lower.

Now what?

As I've also noted in my recent [articles](#), a selloff in Lightspeed stock in recent months has mainly been

triggered by above mentioned external factors. That's why a tech sector-wide recovery has helped its stock recover fast in the last few sessions. Meanwhile, its sales growth remains solid, with consistently improving financial growth prospects amid strong demand. For example, in the last three quarters combined, the company's total revenue has jumped by 188% year over year. Similarly, Lightspeed has consistently been reporting much narrower-than-expected net losses for the last couple of quarters. Apart from improving tech sector-wide trends, I expect these internal factors to help Lightspeed stock outperform most of its peers.

CATEGORY

1. Investing
2. Tech Stocks

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