



Why NFI Stock Plunged 20% Last Week

Description

What happened?

The shares of **NFI Group** ([TSX:NFI](#)) dived by 20% last week, marking its worst weekly losses in more than two years. By comparison, the **TSX Composite Index** fell by 2% last week. With this, NFI stock has reached its lowest price level since March 2020, as it currently hovers around \$11.80 per share.

So what?

NFI Group is a Winnipeg-based firm that mainly focuses on manufacturing a range of zero-emission transportation solutions, including heavy-duty electric transit buses. It currently has a market cap of around \$910 million.

Last week's massive drop in NFI stock came after the company cut its full-year 2022 guidance on April 29, citing the negative impact of the continued supply chain crisis and high inflation on its manufacturing business. In a press release, the Canadian company [said](#) that shortages of critical microprocessor modules are likely "to result in lower-than-planned deliveries in the second and third quarters of 2022."

NFI Group now expects its adjusted EBITDA for fiscal 2020 to be in the range of US\$15 million to US\$45 million. This revised guidance was significantly lower compared to its original adjusted EBITDA guidance range of US\$100 million to US\$130 million.

This negative news took a big toll on investors' sentiments, driving a massive selloff in its stock on Friday. While NFI stock fell by 15% that day, the recent [broader market selloff](#) kept its stock under pressure throughout the week.

Now what?

NFI has been one of the worst-performing non-tech stocks on the TSX lately. It has lost nearly 58% of its value in the last year, despite a 7.8% rise in the main Canadian market gauge during the same period.

Clearly, continued supply chain disruptions and other external factors, including rising inflation, are taking a toll on NFI stock price movement. However, the demand for its zero-emission transportation solutions continues to increase with rising environmental awareness. That's why I expect this demand trend — especially from developed nations — to help the company maintain strong financial growth in the long term. Given that, long-term investors may consider buying NFI stock at a bargain amid the ongoing selloff.

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